

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday September 17 1987

D 8523 A

Ecuador: The economy  
bounces back out  
of the gloom, Page 18

## World News

## Business Summary

### Israel to impose sanctions on S Africa

Israel has finally bowed to US pressure by agreeing to sanctions limiting business and diplomatic links with South Africa, according to a report yesterday on Israeli state radio. The measure is understood to be far more comprehensive than any previously envisaged. Details have not been formally announced.

According to Israeli officials, however, they include a ban on new investment in South Africa, loans to and from it, the transit of South African goods through Israel, the purchase of its coins and a visit by Israeli officials to the republic.

### Gulf full ends

A six-day lull in the Gulf ended when Iraq's aircraft bombed Iran's main oil terminal at Kharg Island and a tanker off the Iranian coast, within 24 hours of a peace mission to the area by UN Secretary-General Javier Perez de Cuellar.

### Nato accident toll

A British soldier and a West German civilian were killed and 76 people injured in 183 accidents in the first three days of large-scale Nato manoeuvres in northern West Germany, military officials said in Hannover.

### Hungary austerity plea

Hungarian leader János Kádár admitted personal responsibility for serious economic mistakes in the past and urged Parliament to adopt the Government's severe austerity programme and wide-ranging economic reforms.

### Peruvian strike

About 600,000 Peruvian civil servants began a 48-hour pay strike, closing government ministries and restricting public transport in Lima.

### Sri Lanka gunbattle

Indian troops fought a gunbattle with 120 Tamil militants after they massacred as many as 75 people in the Batticaloa district.

### Zimbabwe presidency

Zimbabwe outlined plans to set up a powerful executive presidency - with a six-year term of office - and scrap the post of prime minister in its 1980 constitution.

### Lebanon clash

Syrian-backed guerrillas killed three Israeli soldiers and wounded four in southern Lebanon.

### Spanish killings

Gunmen suspected of attempted highway robbery shot dead a motorist, a police patrolman and a paramilitary civil guard at a roadblock near Valladolid, central Spain.

### PLO denounces US

The Palestine Liberation Organisation denounced a US decision to close its Washington office - because of what Washington described as PLO support for terrorism - saying the move resulted from pressure by pro-Israeli lobbyists.

### Soviet harvest hit

The 1987 Soviet grain harvest was in trouble because heavy autumn rains had prevented farmers from harvesting the crop on schedule, and the sowing of the winter crop was also being delayed, the government newspaper Izvestia said.

### Iceland hunts whales

Two Icelandic whaling boats began hunting sei whales after Iceland and the US resolved a dispute over Reykjavik's decision to resume whale hunting for scientific purposes.

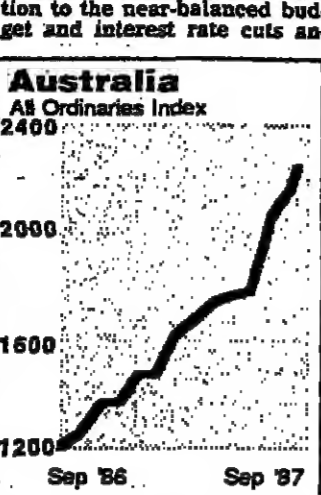
### Suicide honoured

More than 200,000 Indians defied a government ban to honour an 18-year-old bride who set herself on fire to protest against her husband's funeral pyre and was burned to death in a village in western Rajasthan state. The women's self-immolation, seen as the final act of fidelity in ancient India, has been outlawed for centuries.

### Henkel and Colgate in French joint venture

HENKEL, West German specialty chemicals and detergents group, has reached agreement with Colgate-Palmolive of the US on a French joint venture to manufacture the household care products of Lesieur-Colgate, French washing and detergents company which Henkel bought in June for FF2,050bn (\$328m). Page 19

### Australia



Caspar Weinberger: resignation of procurement chief a setback

## Pentagon arms procurement chief to quit

BY DAVID BUCHAN, DEFENCE CORRESPONDENT, IN LONDON

THE CHIEF of US defence procurement, overseeing an arms development and acquisition budget of some \$140bn a year, is to resign in protest at the failure of Mr Caspar Weinberger, the Defence Secretary, to back him against the entrenched interests of individual service chiefs.

Defence Department spokesman confirmed yesterday that Mr Richard Godwin, the Undersecretary for Defence Acquisition, had decided to leave, and that the White House would soon announce the decision.

The departure of Mr Godwin, installed only a year ago in a new Pentagon number three position as procurement chief, is likely to set back seriously the

Reagan Administration's much heralded drive to streamline the vast 150,000-strong procurement bureaucracy, which places more than 15m contracts with US and foreign industry a year.

The procurement reform movement gathered steam after myraid revelations of waste, mismanagement and fraud accompanying the big Reagan defence build-up of the early and mid-1980s. The presidential commission on defence purchasing, headed by Mr David Packard of the Hewlett-Packard of the electronics company, last year recommended wide-ranging reforms, one of which was the creation of the post which Mr Godwin has occupied.

Reform efforts suffered a further setback with the resignation last week of Mr Albert Brandenstein, head of the prototyping office of the Defence Advanced Research Projects Agency (DARPA). The Packard commission had urged that more "fly-before-buy" prototypes of aircraft be built before procurement decisions were taken, to avoid the problems caused by simultaneous development and production in such systems as the B-1 bomber or the cancelled British Nimrod.

## British growth continues to accelerate

BY PHILIP STEPHENS IN LONDON

AN ACCELERATING pace of economic growth in Britain and brightening prospects for tax cuts in next year's budget were underlined yesterday by official figures showing a surge in manufacturing output and buoyant government revenues.

The Central Statistical Office estimated that manufacturing output grew at an underlying rate of 5.5 per cent in the three months to July.

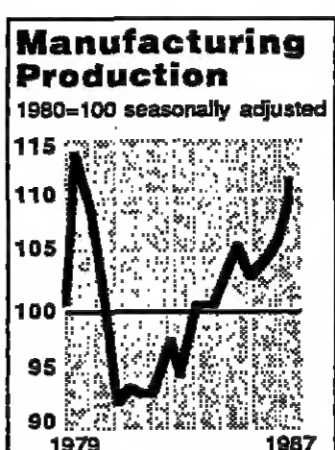
Meanwhile the Treasury announced that its cumulative public borrowing in the first five months of the current 1987-88 financial year was only £1.4bn (\$2.3bn) compared with £2.6bn in the same period in 1986-87. That suggests a substantial undershoot in its £4bn target for the whole of this year, which would pave the way for sizeable tax cuts in the next budget.

In the City of London, the two sets of statistics were seen as generally positive, although there is still some concern that the rate of growth puts the economy in danger of overheating.

Mr Bill Martin, senior economist at securities house Phillips & Drew, said the borrowing outlook for the year was now likely to be only £2bn.

The CSO figures show a rise in manufacturing output of 1.6 per cent in July and include substantial upward revisions to its estimates for previous months. Output is now finally back to the levels of its previous peak in 1979, with the latest increases offsetting the remaining impact of the deep recession of 1980-81. A 19 per cent rise since the trough of the recession in 1981, however, has still left it below the record high seen in 1974.

Between May and July, manufacturing industry produced 1.5



Manufacturing Production 1980=100 seasonally adjusted

per cent more than in the previous three months and 5.9 per cent more than in the same period of 1986.

Statisticians at the CSO believe that the July figure itself may be erratically high, perhaps reflecting a faulty seasonal adjustment in the compilation of the statistics. They appear confident, however, that the underlying trend of output growth is now up to 1 per cent a year earlier in total industrial production, reflecting a rebound in North Sea oil output. That is likely to reinforce the Treasury's view that the economy

Continued on Page 18

## Indication of progress in talks on arms control

By Robert Mauthner and Stewart Fleming in Washington

MR GEORGE Shultz, the US Secretary of State, and Mr Edward Shevardnadze, his Soviet opposite number, indicated yesterday that some progress had been made in their talks on arms control and other issues, but refused to give any details.

Their three-day meeting, which is due to end today, is widely expected to lay the foundations of an agreement for the worldwide elimination of all intermediate-range nuclear forces (INF). The aim is that a summit agreement would be signed at a summit meeting between President Reagan and Mr Mikhail Gorbachev, the Soviet leader, before the end of the year.

However, officials have refused to speculate about the date for a summit meeting, which Mr Shevardnadze has said is "necessary". Both sides have emphasised that the signing of a summit date was not their first priority. Their main objective was to make substantive progress on the subjects under discussion, particularly arms control.

The two ministers began the second day of their meeting with tele-tete discussions lasting more than three hours, at which only interpreters and note-takers were present. The ministers reviewed reports from their experts, who had met late into Tuesday night in separate working groups on arms control, bilateral relations and humanitarian problems. A special sub-group on nuclear testing has also been set up.

While declining to give any details about the specific areas in which progress is reported to have been made, Mr Charles Redman, the State Department spokesman, admitted that the main focus of the discussions continued to be arms control problems. The talks had continued to be "very businesslike, straightforward and constructive", he said.

Under the INF agreement which the two ministers have been discussing, all medium-range missiles with a range of 500 to 1,000km would be abolished by the Soviet Union and the US, including the Soviet SS-20 rockets targeted on Europe and the US Cruise and Pershing 2 missiles deployed in Western Europe over the past few years.

The remaining points of disagreement include the timetable for the phasing out of the missiles, the verification system which would ensure the implementation of the agreement, and the problem of what should be done about US-controlled warheads for West German Pershing 1A missiles.

## Top Aquino ministers go after Cabinet consensus crumbles

BY RICHARD GOURLAY IN MANILA

PRESIDENT Corason Aquino of the Philippines yesterday sacked Mr Jaime Ongpin, the Finance Minister, in the first stage of revamping his Cabinet and trying to revitalise his crisis-ridden Government.

Mr Salvador Laurel, the vice-president, also announced he would not be retaining the foreign affairs portfolio and would cease to be a Cabinet member because of irreconcilable differences with Mrs Aquino.

The changes are the first since consensus in the Administration finally disintegrated last week when the entire cabinet offered to resign 13 days after a failed military coup. It is Mrs Aquino's most serious crisis since she came to power 18 months ago.

The new Finance Minister is Mr Vicente Jayme, until now the secretary of Public Works and Highways, and formerly a respected banker and President of the government-owned Philippine National Bank.

Mr Ongpin was widely expected to be sacked in the reshuffle along with Mr Jobar Arroyo, the Executive Secretary and Mrs Aquino's closest and most powerful adviser. His fate has not yet been announced.

Yasager's changes are not likely to dispel the uncertainty that has accompanied the long

delay in deciding which Cabinet members to sack. Mrs Aquino gave no indication why she had accepted Mr Ongpin's resignation. Bankers and analysts were puzzled over why she chose to announce Mr Ongpin's exit in advance of other changes.

Since the failed coup, the Manila stock market index has fallen by 28 per cent. Half of this drop occurred this week, reflecting growing nervousness about the delay in forming a Cabinet.

During a live television broadcast yesterday, Mrs Aquino made no mention of Mr Arroyo, who has been widely criticised in business and church circles as a divisive and obstructive influence in the Cabinet. His removal is most strongly demanded by the military and the leaders of the failed coup who have still not been captured.

Mr Laurel yesterday preempted Mrs Aquino by publicly resigning during a press conference in what is widely viewed as his first step towards open revolt.

He cited fundamental policy differences, particularly over Mrs Aquino's handling of the 18-year-old Communist-led insurgency, which has largely been bypassed in Cabinet and has barely disguised his ambi-

Editorial comment, Page 16

## Finsider seeks \$3.8bn state aid

BY JOHN WYLES IN ROME

FINSIDER, the Italian steel company, is asking the Italian Government to provide £5,000bn (\$3.8bn) to recapitalise the business in the face of operating losses which are close to setting a record this year.

If approved, the money would have to be allocated in the 1988 budget proposal due at the end of the month, and comes at a time when ministers are searching desperately for cuts to help bring down a public sector deficit which looks to be heading for an unprecedented £130,000bn next year.

The Finsider request is understood to have been channelled through IRI, the giant Italian state holding company, a spokesman for which would neither confirm nor deny the approach yesterday. It would be

bound to bring Italy into further conflict with the European Commission over steel financing.

The new capital is needed to counter losses which totalled £12,121bn in 1985 and 1986 and which this year look likely to reach £15,000bn, a deficit previously exceeded only in 1984. This week, Finsider, the main operating subsidiary, reported first half operating losses alone of £1,514bn.

Operating subsidies have been outlawed by the European Community since the end of 1985 and the Commission is already challenging £2,000bn allocated to the public steel industry in the 1987 budget.

The IRI group now recognises that approval for further financing can only be purchased by

some radical restructuring which will have to be negotiated in the context of the Commission's plan to reduce the Community's total steel capacity by further 30m tonnes.

IRI installed a new president and managing director and Finsider in July and since then the two men, Mr Mario Lupo and Mr Giovanni Gambardella, have been reviewing their inheritance. This includes a three-year recovery plan submitted to IRI in June which seriously underestimated the 1987 losses at £8,930bn. That plan included a recapitalisation request for £3,800bn.

It avoided any very specific commitments on closures because the issue is so politically sensitive. The new management

Continued on Page 18

## Briton appointed to top EC job

BY QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Commission yesterday appointed Mr David Williamson, top adviser on EC affairs to Mrs Margaret Thatcher, the British Prime Minister, to the key post of Secretary-General - in effect, head of the Brussels bureaucracy.

The controversial move, in the light of Mrs Thatcher's frequent clashes with the Commission and other EC member states over budget spending, was approved by a large majority of the Commissioners meeting in closed session at the European Parliament in Strasbourg.

Mr Williamson takes the place of Mr Emilio Noel, the top French civil servant and long-standing EC official, who has held the job since the founding of the Community 30 years ago.

Highly placed Commission officials see the appointment as a deliberate olive branch to the UK, as well as a recognition of Mr Williamson's skills as a consummate and strictly independent civil servant.

His sole rival for the job, Mr Horst Krenn, the West German deputy secretary-general, who was strongly backed by Chancellor Helmut Kohl, be-

comes head of the directorate-general responsible for external relations - formerly a British post.

The national balance in the top posts of the Commission is maintained by appointing a Frenchman, Mr Jean-Louis De Witte, as head of the legal service. He moves from the same role at the EC Council of Ministers.

Mr Claus-Dieter Ehlermann, the present head of the legal service, and once regarded as another strong German contender for the top job, has been seconded to a special role of adviser.

Continued on Page 18

## Three year performance to 1st September

Trust	Percentage increase in value	Position and total number in sector
UK Growth	+289.7	6th ..... 100
European	+228.9	1st ..... 22
Income & Growth	+200.7	3rd ..... 76
Worldwide Recovery	+180.1	4th ..... 81
Pacific	+162.0	6th ..... 32
Practical	+133.3	1st ..... 5
International	+130.7	13th ..... 81
Japan	+119.8	25th ..... 36
High Income	+106.7	10th ..... 13
American	+53.4	23rd ..... 64

Figures from 1st September 1984 to 1st September 1987. \*Source: Oppenheimer, Ltd. Not audited/reviewed.

Our last fund launches were in September 1984. This month, for the first time, we can quote three year performance for all of our funds.

The Worldwide Recovery Trust is especially popular at present having grown by 41.1%\* over the last year.

For further details about Worldwide Recovery or any of our funds, telephone 01-489 1078 or write to Oppenheimer Trust Management Limited, Mercantile House, 66 Cannon St., London EC4N 6AE.



CONTENTS	
Europe	2
Companies	21
America	4
Companies	19
Overseas	3
Companies	20
World Trade	5
Britain	11-14
Companies	24-27
Agriculture	28
Arts - Reviews	15
World Guide	15
Commodities	25
Crossword	29
Currencies	29
Editorial comment	29
Barbours	29
Financial Futures	29
Gold	29
Int'l. Capital Markets	29
Letters	29
Management	7
Market Monitors	49
Men and Matters	16
Money Markets	29
Raw Materials	29
Stock markets - Business	27-40
Wall Street	27-40
London	27-40
Technology	6
Unit Trusts	29-32
Weather	18
World Index	29



Former chairman George Tan, one of six accused cleared of complex fraud charges, Page 2

Technology: The office outcast comes in from the cold ..... 6

Management: ICI shows a unified face to the world ..... 7

Editorial comment: Not just the Nice Party: Power vacuum in Manila ..... 16

Joe Rogaly: Housing and the free market ..... 17

Lex: Coats Viyella, Crown X, Guinness Peat ..... 18

Newmont Gold: Nevada Nirvana for minority shareholders ..... 19

Survey: Frankfurt ..... Section III

Survey: Zimbabwe ..... Section IV



## Australian markets soar after budget

By Chris Sherwell in Sydney

AUSTRALIAN financial markets, buoyed by the balanced budget unveiled on Tuesday night, yesterday reacted enthusiastically to produce sharply lower interest rates, a stronger currency and a powerful surge in share prices.

The eruption of confidence was helped by improved monthly balance of payments figures and the encouraging result of a Treasury bill tender by the Reserve Bank. Most interest groups, but not the opposition parties, also reacted positively to the Government's measures.

Last night Mr Bob Hawke, the Prime Minister, summarised the budget by proclaiming: "We have delivered." Before a post-budget gathering of businessmen and bankers in Sydney, he

asserted: "We have delivered—consistently now, over five budgets—the right mix of policies to restore economic health."

In Australian terms yesterday's market developments, in which the initially bullish budget reaction overnight turned into a stampede, were dramatic:

- Interest rates on 90-day Treasury bills started lower and finished at 11.45 per cent, down from 11.9 per cent. Rates for 10-year bonds also fell, and both trends were further reflected in the futures markets.
- In the Reserve Bank's weekly Treasury bill tender, bids for A\$400m of three-month paper fell to 10.96 per cent, down more than 60 basis points from the previous week's level of 11.56 per cent.

- The four major trading banks, led by the ANZ Bank, all lowered their prime lending rates by between 0.5 and one percentage point to 14.25-14.5 per cent. Home loan rates were lowered to 14.5 per cent.
- The Australian dollar firmed to its highest levels in more than a year, finishing at 56.9 on a trade weighted basis against the currencies of Australia's major trading partners (May 1970=100). The previous day's close was 56.8.
- Share prices surged to fresh highs in heavy trading. The All-Ordinaries index, covering some 260 companies across all sectors, finished off the top but still 43.4 points higher at 2,374.4.
- The rises appeared to favour blue-chip stocks which would

benefit from the prospective fall in interest rates. But the impact was widespread, and the gold index of 44 mining companies surged through the 4,000 barrier to 4,018.8.

Balance of payments figures, though only for the month of August, fuelled the momentum by coming in below expectations and halting a worrying trend seen in July.

The figures showed a current account deficit for the month—the second of the new 1987-88 financial year—of A\$800m, down more than A\$500m from a revised A\$1.1bn in July.

Particular encouragement was drawn from the fact that seasonally adjusted exports rose 12 per cent while imports fell 7 per cent to leave a positive

trade balance. The net services deficit was also down.

Also helping the markets was the budget announcement of a review of corporate taxation. Yesterday the Government indicated this would eliminate the competitive disadvantages Australian companies may be suffering through taxation.

Amid the euphoria, a cautionary note was sounded by Mr John Howard, the opposition Liberal Party leader.

He cast doubt over the factors contributing to the "balanced" budget, said interest rate falls were from historically high levels which had deterred investment and drew attention to the continuing high inflation rate, current account deficit and foreign debt burden.

## Gulf war flares anew at end of UN mission

By Our Middle East Staff

THE GULF war flared again yesterday as Iranian artillery shells Basrah and Iraqi aircraft hit the Kharg Island oil terminal in the wake of the apparently abortive peace mission of Mr Javier Perez de Cuellar, UN Secretary-General.

A communique issued by the Iraqi high command said that its aircraft struck the eastern jetty at Kharg Island, Iran's leading export facility, yesterday morning.

Earlier a military spokesman in Baghdad said that 21 shells had hit Basrah, Iraq's second largest city, on Tuesday night only hours after Mr Perez de Cuellar had left at the end of his five-day mission. He was expected last night to report to a special session of the UN Security Council on the outcome of his bid to gain Iran's acceptance of its July 26 resolution calling for a ceasefire.

## S Korean politicians agree timetable for general election

By Maggie Ford in Seoul

AGREEMENT ON the holding of a general election in South Korea was reached yesterday by a joint committee of opposition and ruling party members, paving the way for a referendum on the country's new constitution.

The general election for the National Assembly is to be held within six months of the acceptance of the new constitution, following a presidential election scheduled for December.

Negotiations over the assembly elections have held up progress towards democracy because of disputes over timing. The ruling Democratic Justice Party, headed by Mr Roh Tae Woo, had wanted the election to be held in February. The opposition Reunification Democratic Party wanted to put it off until after President Chun Doo Hwan steps down at the end of his term on February 25.

In October a national referendum is to be held to approve the revised constitution, the first ever produced in South Korea by bipartisan agreement. The election campaign will then proceed, assuming the parties have chosen their candidates.

Mr Roh will stand for the ruling party, but two politicians, Mr Kim Young Sam and Mr Kim Dae Jung, are candidates on the opposition side. The two have pledged that only one of them will stand.

A fourth contender, Mr Kim Jong Pil, has indicated that he may throw his hat in the ring. Mr Kim was head of the Korean Central Intelligence Agency under the regime of President Park Chung Hee. Mr Chun's predecessor. Although he is given no chance of winning, he may be able to affect the result by diverting votes in certain constituencies, especially affecting Mr Roh, observers believe.

## Chris Sherwell on the assumptions behind what critics call an over-confident budget

### Confident Keating keeps eye on trade terms

MR PAUL KEATING, the Australian Finance Minister, had for weeks encouraged people to think that the close-watched budget deficit figure would be little less than A\$1bn (A\$444m) when he presented his fifth budget on Tuesday night. A zero-deficit budget or a surplus, as some urged, was simply not feasible.

Yet he opened his brief 20-minute speech with the words: "Madam Speaker, the budget for 1987-88 is in balance."

Though it contained no other surprises, the budget continued Australia's deliberately gradual adjustment to its worsened trade position. It was also full of self-confidence—critics would say over-confidence.

It projects increased real growth of 2.75 per cent, higher than the Organisation for Economic Co-operation and Development average, 100,000 new jobs with no rise in unemployment, the retirement of A\$2bn in debt, a real rise in business investment of 4 per cent and a prospective fall in corporate tax.

Against this, the decline in the current account deficit from A\$13.6bn to A\$11.5bn would leave it at a still high per cent of gross domestic product. Net external debt is forecast to rise still higher as a percentage of GDP from 31.4 per cent.

The budget foreshadows a decline in the annual inflation rate from 9 per cent to 6 per

cent and continued wage restraint, but in these respects Australia's performance will remain worse than those of its trading partners.

Regarding the government's own finances, it will be a matter of argument whether Mr Keating's near-historic balanced budget is the product of one of his celebrated magician's tricks.

On the old accounting question of whether the proceeds of asset sales should be included, the purists say no.

They say there is a A\$1bn deficit—calculated from the A\$2.7bn deficit achieved in the 1986-87 year which ended in June and the net A\$1.7bn in spending cuts and other changes from Mr Keating's May mini-budget.

The opposition Liberal Party goes further, pointing to the high revenue contribution of A\$2.6bn both last year and this year from the Reserve Bank's foreign exchange transactions. They say this cannot be counted on again.

The more interesting arguments about the Budget, however, focus on its assumptions, in particular about the domestic economy and the process of internal adjustment to the deterioration of Australia's external terms of trade.

One of the strongest criticisms made of Mr Keating's policies in the past has been that Labor's reaction to this alarming reversal has been neither tough enough nor quick



Paul Keating: "We have turned the corner"

destructive social conflicts.

"We have rejected that path, and the events of the last 18 months have shown that we were right. We have turned the corner, and the big gaps in the trade accounts have begun to close."

On the question of whether the pace of adjustment is right, the Treasury, in documents accompanying the budget figures, considers at length whether Australia can continue to sustain large current account deficits and a high foreign debt.

In a key passage, it says this depends on its ability to attract finance from abroad without a falling exchange rate, high interest rates and a sluggish economy.

That, it says, hinges on the prospective profitability of investment in Australia, which in turn will depend on productivity efficiency and competitiveness.

On the question of whether the corner has been turned, however, the risks in Mr Keating's strategy become even more apparent, since they involve more than continued structural reform.

Critical assumptions lie behind the forecasts for growth and the current account deficit. One of the most important is that Australia's terms of trade must rebound from a 5.1 per cent fall last year to a 2 per cent improvement.

Another is that import

volumes remain flat while exports grow. Of the 2.75 per cent growth projection, one percentage point is to come from net exports. Of this, an increased share is expected from manufactured exports and tourism rather than primary resources.

This would make it the third year in a row that exports have made a positive contribution, an exceptional performance by Australian standards if it happens.

However, it will leave remaining growth to come from domestic demand, which, after the public sector cuts, means the private sector.

Of this, half a percentage point is forecast to come from increased levels of investment rather than consumption—investment, it is presumed, which is not excessively import-dependent.

Investment should be stimulated by lower interest rates following the government's reduced call on funds, but the confidence factor will be crucial.

The Government forecasts a pick-up in business investment from less than 1 per cent real growth in 1986-87 to 4 per cent this year.

The rest of the projected growth comes from consumption, again, it is hoped, of goods produced locally as a result of import substitution and from rebuilding savings drawn down to maintain living standards.

## Bank opened in Peking

THE COMMUNIST world's first financial conglomerate officially opens a bank on Wednesday, a milestone on the road of rapid expansion, Reuter reports from Peking.

State-owned China International Trust and Investment Corporation is due to unveil the Citic Industrial Bank at a glittering ceremony at the company's Peking skyscraper, to be attended by most of China's economic leadership.

The bank, which has been doing business since May, is the latest addition to the Citic empire which includes subsidiaries in trading, investment, travel, property and overseas ventures. It was set up in 1979 to bring foreign technology and capital to China.

It built the country's first office skyscraper in central Peking, known as the "chocolate building" because of its colour, and almost quadrupled its assets between 1984 and 1986.

The opening of the bank is also a landmark in China's efforts to break the monopoly state banks have enjoyed in different sectors of the economy since 1949.

## Tamil leader flies to India

THE LEADER of the Tamil Liberation Tigers Mr Dillip Yogi and a political associate flew to Madras yesterday morning as a 100 party members continued their death-fast in the heart of Jaffna, the Tamil northern stronghold. Mervyn de Silva reports from Colombo. They were the only two civilian passengers in a Madras-bound Indian aircraft.

In Madras, capital of the south Indian state of Tamil Nadu, the home of 50m Tamils, they will meet Mr S. Ramachandran, Food Minister in the state government and Dr Stanislaus Balasingham, a Sri Lankan Tamil who has been for many years the political adviser to Mr Velupillai Prabhakaran, the Tigers leader. Mr Prabhakaran is reportedly hiding somewhere in the Jaffna Peninsula, from what he claims is a "killer squad" sent out by three rival groups, "tacitly supported" by the Indian authorities.

and, the home of 50m Tamils, they will meet Mr S. Ramachandran, Food Minister in the state government and Dr Stanislaus Balasingham, a Sri Lankan Tamil who has been for many years the political adviser to Mr Velupillai Prabhakaran, the Tigers leader. Mr Prabhakaran is reportedly hiding somewhere in the Jaffna Peninsula, from what he claims is a "killer squad" sent out by three rival groups, "tacitly supported" by the Indian authorities.

**DAEWOO**  
C.P.O. BOX 2810 SEOUL, KOREA  
TELEX: DAEWOO K23341-4

# WHO'S

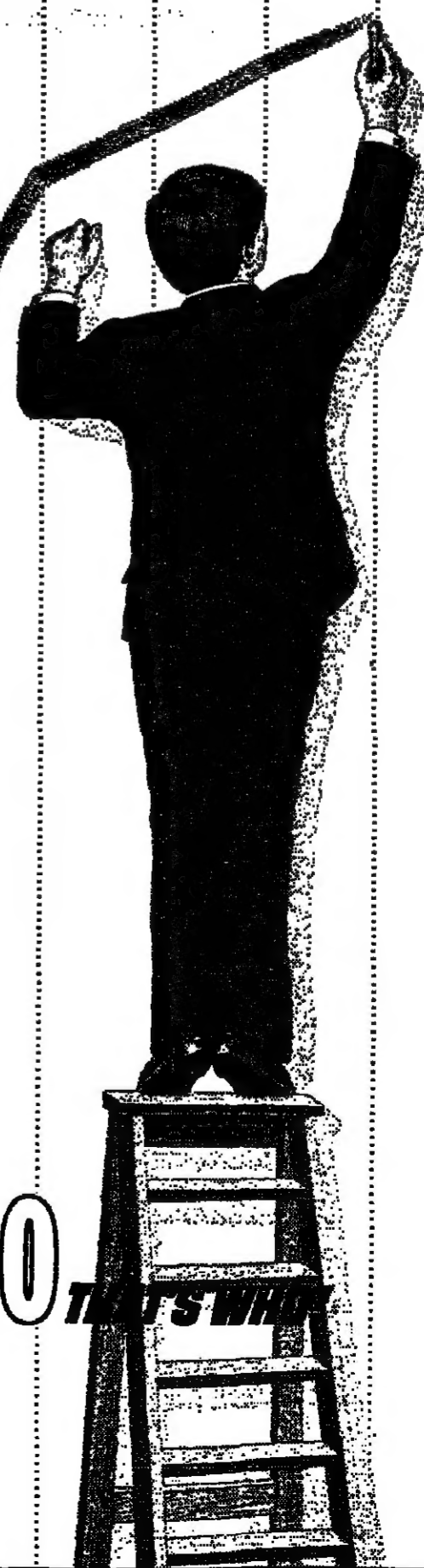
## REACHED WORLDWIDE SUCCESS IN ONLY TWENTY YEARS?

# DAEWOO

## THAT'S WHO

In 1967 the Daewoo Group opened for business with 99,000, five employees, and an order for a small shipment of inexpensive shirts. Twenty years later, Daewoo is one of the world's most diversified and dependable suppliers with 1986 sales of over ten billion dollars. From heavy machinery to microtechnology, from aerospace to

telecommunications, from compact cars to compact disc players, there is no manufacturing challenge too big or sophisticated for Daewoo to meet. Why not let the same innovation that expanded our own business a million-fold in just twenty years bring some of your own business goals within reach.



## THE IMF ANNUAL REPORT

## Slow growth and debt burden set sombre scene

THE International Monetary Fund yesterday underlined the importance to sustained growth in the world economy of firm action to reduce the US budget deficit and of measures to promote a faster expansion in Japan and West Germany.

In a sombre review of economic trends over the past year, the Fund said that international trade imbalances still posed the threat of protectionism and the risk of turbulence on financial markets. Its annual report expresses serious concern about the sluggish pace of growth in industrial countries and the increasing difficulties faced by heavily indebted developing nations.

During 1986 and early 1987 economic growth in industrial countries slowed. Real primary commodity prices continued to decline. External imbalances widened, protectionist pressures intensified, and the financial position of many developing countries deteriorated further, it says.

The report does not include the Fund's latest forecasts of the outlook for the remainder of 1987 and 1988. But those

forecasts, to be published formally at the IMF-World Bank annual meeting later this month, hold out little prospect of a significant upturn in economic growth.

IMF economists believe that the industrial nations will grow by only 2.4 per cent in 1987, with the pace quickening fractionally to 2.6 per cent in 1988. Both figures are below the 3 per cent or more that the Fund traditionally regards as essential to improve the outlook significantly.

Among the seven largest industrial economies only Japan and the US are expected to record growth of 3 per cent or above in 1988.

The Fund says that the policy commitments envisaged in February's Louvre Accord to stabilise the dollar—cuts in the US budget deficit and measures to promote faster domestic growth in Japan and West Germany—should be conducive to a substantial reduction in trade imbalances over the medium term.

But while it emphasises the need for exchange rate stability it holds back from endorsing

SUMMARY OF PAYMENTS BALANCES ON CURRENT ACCOUNT 1978-86 (\$bn)									
	1978	1979	1980	1981	1982	1983	1984	1985	1986
Industrial countries	15.1	-23.2	-60.5	-19.0	-22.4	-19.8	-58.3	-50.7	-19.0
Canada	-4.3	-4.2	-6.1	-5.1	-2.3	2.5	2.7	-0.9	-4.7
U.S.	-10.4	-19.0	-54.4	-13.9	-19.7	-22.3	-61.0	-51.6	-14.4
Japan	14.5	-8.8	-10.7	4.8	4.9	20.8	35.0	49.3	85.8
France	7.0	5.2	-4.2	-4.4	-12.1	-4.7	-0.8	-0.2	3.4
W. Germany	9.0	-6.0	-15.7	-5.2	4.1	4.2	8.4	15.3	35.4
Italy	6.2	5.5	-10.0	-9.1	-6.2	1.6	-2.4	-3.6	4.1
UK	1.9	-1.5	6.8	12.5	4.6	4.8	2.1	4.5	-0.2
Other industrial countries	-5.8	-12.5	-27.6	-19.2	-15.5	-2.7	3.7	1.3	0.5
Developing countries	-35.0	6.4	30.4	-48.5	-57.1	-64.0	-33.0	-23.9	-44.4
By region:									
Africa	-12.8	-3.4	-1.9	-22.4	-21.5	-12.2	-7.3	-8.2	-8.7
Asia	5.2	-9.7	-14.4	-12.0	-17.0	-14.9	-1.2	-14.0	4.9
Europe	-9.7	-13.4	-15.6	-14.3	-8.7	-5.9	-1.2	-3.3	-1.7
Middle East	11.3	54.2	92.5	50.8	3.0	-20.1	-15.8	-2.2	-22.3
Western Hemisphere	-19.0	-21.1	-30.2	-42.7	-42.5	-10.8	-2.6	-4.2	-17.5

Source: IMF annual report

the public stance of the Group of Seven Nations that the dollar's value is now "broadly consistent" with economic fundamentals. Instead, the Annual Report says that the current pattern of exchange rates "better reflects" fundamentals.

The difference is thought to reflect the Fund's view that on the basis of present policies in the major industrial countries the huge trade imbalances between the US, Japan and West Germany will not be brought down to a sustainable

level without a further dollar depreciation.

Its latest forecasts suggest only a gradual reduction in the US current account deficit and the parallel surpluses in West Germany and Japan next year. The Fund's medium-term

projections also point to large imbalances persisting well into the 1990s.

The report says that the use of economic performance indicators by the major industrial nations can have only a limited role in strengthening policy co-ordination between governments.

Indicators are said in the annual report to provide a useful analytical framework against which governments can measure the consistency and sustainability of their policies within an international framework.

But the Fund makes it clear that countries such as West Germany, Britain and Japan have succeeded in blocking a US move aimed at giving the automatic "triggers" for policy action.

The Executive Board had agreed that "Ultimately, there was no substitute for careful analysis, international monetary discipline, the exercise of judgement and political commitment. The increased use of indicators should not be

allowed to lead to the fine-tuning of policies; nor should movements in indicators be expected to trigger automatic action or mechanistic responses."

The report highlights the deteriorating position of heavily indebted countries in the face of sluggish growth in the industrialised world and a virtual cessation in net private lending to the developing world.

The external borrowing of developing nations was reduced further in 1986 despite exceptionally large losses in some countries' terms of trade. These losses, the result of the collapse in the oil prices and falling real commodity prices, were worth the equivalent of \$100bn for the developing countries as a whole.

Despite the very low levels of borrowing and decline in interest rates in 1986, the developing countries' ratios of debt and debt service to exports continued to worsen.

The Fund says that the priority for developing nations must be to strengthen policies aimed at mobilising and retaining domestic savings.

## Discrepancy in balance of payments position

THE International Monetary Fund has failed to plug a \$65bn statistical "hole" in its accounts for the world balance of payments position, it admits. But it believes that the discrepancy does not affect significantly its analysis of world trade imbalances.

In theory, the IMF's figures for the world current account position should show a balance, with the sum of all deficits being matched by the sum of all surpluses.

In practice, however, the recorded position has been in deficit for several years. That in itself suggests that the current account position of many countries is much healthier than the present published figures indicate.

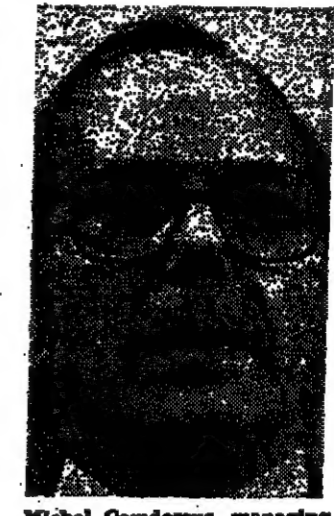
According to the Fund's annual report, from approximately 1970, the global current account displayed an excess of deficits over surpluses amounting to about \$20bn in the late 1970s. That figure widened to a peak of \$100bn in 1983 before gradually declining to an estimated \$65bn in 1986.

An international working party set up by the Fund has concluded that the discrepancy is based primarily in the services and transfer elements of current account statistics. Within those sectors the discrepancy is most marked in reporting of portfolio income, shipping data and official transfers income.

The working party has been unable to allocate the discrepancy between countries, but the Fund says that tentative conclusions on its distribution suggest that it would not greatly affect the pattern of current account imbalances between the US, Japan and West Germany.

The IMF is now calling on member countries to take changes in the compilation of balance of payments figures in an attempt to remove the discrepancy.

Reports by  
Philip Stephens and  
Stewart Fleming



Michel Camdessus, managing director of the IMF

## New attitude signalled on loans for poor nations

EXPLICIT recognition of the need for change in the International Monetary Fund's approach to how it establishes the conditions attached to loans to heavily indebted Third World countries is contained in the IMF annual report. The Fund's judgments contrast significantly with the assessment arrived at in its discussion of conditionality in its annual report last year.

Even though developing countries were bitterly criticising its austerity programmes, it maintained in its 1986 report that the main reason its economic policy conditions had not worked in some countries but not in others was because of "divergences in the determination with which policies had been implemented."

In this year's annual report the IMF points out that for most low-income developing

countries, a category which would include in particular countries in sub-Saharan Africa, the issue of indebtedness is now such that, even if such countries intensify and successfully sustain tough economic adjustment policies, they will require not only substantial sums of money but money lent on concessional terms, in order to get international finances on to a solid footing.

As part of efforts to address this problem and the challenge posed by the uncertain world economic environment the IMF says there has been "a continuing search for improvement both in the application of the Fund's conditionality and in certain theoretical aspects of programme design."

In May, for example, there was a review carried out which focused on the issue of the balance between the volume of financing and the degree of economic belt tightening called for by the IMF, and on the link-

age between economic growth and the need to achieve viability in countries' external accounts.

The report says that the new emphasis on trying to develop IMF economic adjustment programmes designed to foster growth has "put into sharper focus a set of inter-related problems regarding the time horizon of programmes and the relative weight to be given to the balance of payments and the growth objectives."

The question of the timing of measures designed to impact demand and policies designed to improve the efficiency of the economy have also been looked at more closely because of the lags with which policies take effect. It adds that questions of time lags are of particular significance in low-income developing countries "where the speed of economic responses may be different from those in more developed economies."

The emphasis on programmes with a growth orientation has also led to increased attention being paid to the impact of monetary, fiscal and exchange rate policies on output and investment.

Behind the Fund's reassessment of the conditions it insists upon in return for its financial support lies the recognition that the Third World debt problem in low-income as well as many middle-income developing countries, is going to take longer to resolve than was anticipated a year or two ago.

This perception presents a particular problem for the IMF because it is designed as an international monetary institution providing medium-term balance of payments assistance requiring relatively rapid repayment of its loans.

The inability of some of the IMF's borrowers to cope is underscored by the sharp rise in arrears on repayments to the IMF which rose to SDR 482m

in April 1986 compared with SDR 176m a year earlier. The Fund says eight, instead of four countries are now overdue by six months or more on their financial obligations and the amounts, "although small in relation to the amount of Fund credit outstanding are large in relation to the Fund's reserves."

Although not spelled out in the report the longer-term nature of the debt problem raises questions not only about what sort of conditions it insists upon for its loans, but theoretically even whether it should continue to play an active role in the debt problem.

Since the governments which finance it have decided that it should continue to be active, however, even in low-income developing countries the resolution of whose problems are likely to be more protracted even than for middle-income countries, the question arises how should the IMF take into account the need for longer-

term structural improvements in a borrowers' economy when designing its lending conditions.

"Certain key changes are within the Fund's traditional areas of responsibility," the IMF says citing policies to enhance competitiveness by keeping exchange rates at "realistic levels." But others such as trade liberalisation, tax reform, and financial sector reform are "less directly related to the Fund's traditional concerns."

In a veiled reference to the tough relationship with partner in tackling the debt problem, the World Bank, the report says "clearly deeper Fund involvement in these areas will have to take into account the responsibilities of other multilateral lending institutions."

Although the report says that "a strong political commitment to a comprehensive strategy is crucial" for the success of economic reform it adds that its policies must also "pay due regard to members' domestic and political objectives."

## AMERICAN NEWS

## MONTREAL CHEMICALS PROTOCOL

## Accord reached on ozone protection

BY ROBERT GIBBENS IN MONTREAL

MORE THAN 40 nations have reached a historic agreement to reduce the use of ozone-depleting chemicals by 50 per cent by 1995.

The protocol was hammered out over the past week at a conference in Montreal of 200 international experts sponsored by the United Nations Environment Programme.

Manufacturers claim that using less dangerous chemicals in appliances, plastics and packaging will push up final costs by 15 to 30 per cent.

The agreement must be ratified by at least 11 countries accounting for a minimum of two-thirds of global consumption of the dangerous chemicals.

Officials expect broad ratification by governments especially after objections by the European Community were met. The EC nations wanted to be treated as a bloc in applying the new limits.

It will be the first treaty to control a global air pollutant and could lead to an international protocol to reduce the widespread damage from acid rain, officials said.

This increasing use of industrial chemicals, especially chlorofluorocarbons (CFCs), used in refrigerators, air conditioners and in some plastic products, is, according to some scientific studies, destroying parts of the high altitude ozone

layer shielding the earth from the sun's radiation.

Environmental groups from North America and Europe said the agreement was welcome but contained many flaws. Developing nations will be allowed to increase their use of the chemicals to Western levels before being forced to switch to less dangerous materials, they said. Also application of the agreement in individual countries will be a major problem.

A last-minute hitch at the Montreal conference was resolved when the New Zealand delegation came up with a formula to meet European concerns about how the treaty will

be applied. In effect the EEC will be treated as a bloc despite US objections concerning the impact of this on the world chemical industry.

Scientists believe that emissions of CFCs must be cut significantly to prevent what could be catastrophic changes in climate and dramatic increases in skin cancer over the next 50 years.

"It would be the first agreement in history which would reduce in a quantifiable manner and on a global scale substances detrimental to the environment," said Mr Winfried Lang, chairman of the convention.



Senator Biden: accused of borrowing rhetoric

## Biden talks himself into trouble

By Lionel Barber

SENATOR Joseph Biden, the Democrat presidential candidate from Delaware, yesterday faced fresh and embarrassing disclosures about his record of borrowing memorable rhetoric from other politicians without attribution.

The disclosures are damaging because Senator Biden was hoping this week to gain maximum favourable publicity as chairman of the Senate Judiciary Committee holding confirmation hearings into President Reagan's Supreme Court nominee, Judge Robert Bork.

At the weekend, the New York Times revealed that Senator Biden, whose oratory is rated as his greatest political strength, had borrowed chunks of a moving campaign speech this year by Mr Neil Kinnock, the British Labour Party leader.

Yesterday, several newspapers, including the New York Times, reported that Senator Biden had lifted passages over the past two years from speeches by Senator Robert Kennedy and Senator Hubert Humphrey.

The controversy has been seized on by Senator Biden's Democrat opponents. One campaign staffer suggested that the revelations undermined Senator Biden's vaunted reputation: "It is like finding out General Haig never served in the army."

Senator Biden's staff have dismissed the issue as a "tempest in a teapot," arguing that the Delaware politician has attributed speeches regularly in the past and has never made a secret of his admiration for Senator Kennedy.

Instead, his staff have been forced to answer questions about whether his ancestors, like Mr Kinnock's, really were coalminers. Mr Biden's aides have been unable so far to give a definitive "yes."

## Gramm-Rudman deficit target abandoned by White House

BY LIONEL BARBER IN WASHINGTON

THE White House has abandoned the budget-balancing Gramm-Rudman-Hollings law in its efforts to construct a budget package for fiscal 1989, which starts in October next year.

An Administration official said yesterday that the Gramm-Rudman deficit target of \$72bn for 1989 was "impossible" and "totally unrealistic."

The admission follows private and Congressional forecasts of a deterioration in the 1989 deficit, with some estimates reaching as high as \$190bn. The Administration built its fiscal 1988 budget around a \$105bn Gramm-Rudman deficit target.

The official abandonment of Gramm-Rudman is more a recognition of reality than a major change in fiscal policy because the law's targets have long been considered unachievable. But it could fuel the impression of indiscipline ahead of next week's Group of

Five nations and Group of Seven nations meeting in Washington.

The US budget deficit which reached a record \$220bn in fiscal 1986 could fall by up to \$60bn this year. But the gloomy outlook and the current budget stalemate in Congress will shape debate at next week's G8 and G7 economic talks.

The budget deficit is an important factor in Allied efforts to co-ordinate their economic policies and encourage exchange rate stability.

Reagan Administration officials have switched tactics in the fiscal 1988 budget battle in the past week, urging members of Congress to ditch efforts to strengthen Gramm-Rudman provisions for automatic spending cuts to bring down the deficit.

The more conciliatory move may herald negotiations with Congress to raise around \$23bn in cuts for fiscal 1988 which be-

gins on the first of next month.

President Reagan is still pledged not to raise taxes, but yesterday an Administration official said "revenue enhancing measures" may be on the table soon, making a total of around \$10bn.

"We would prefer to negotiate a package," he said. The new budget activity comes as both Congress and the Administration approach a deadline next Wednesday to raise the federal debt limit. If the ceiling is not raised by October 1, the government faces an unprecedented default on its financial obligations.

Most analysts expect a temporary extension of the debt ceiling as happened at the end of Congress's summer session. But concern over the bond market slump—aggravated in recent weeks— is putting pressure on the Administration to bargain.

## Key Cabinet posts in Argentina unchanged

BY TIM COONE IN BUENOS AIRES

THE LONG-AWAITED Cabinet reshuffle in Argentina will leave the three important policy areas of economy, foreign affairs and defence untouched.

Although the official reshuffle announcement was expected later yesterday it has been unofficially confirmed that there will be no changes of ministers at the three key ministries.

Changes have been confirmed at the interior, labour, social welfare, education and public work ministries.

The most significant of the changes is that of Mr Antonio Troccoli, the Interior Minister, who is to be replaced by Mr Enrique Nosiglia.

Mr Nosiglia is a young party official who has come to wield considerable power within the ruling radical party and has been responsible for most of the party's behind-the-scenes dealings with trade union, business and military leaders.

Mr Troccoli is an old party ally and friend of President Alfonsín, and his departure from the government leaves Mr Dante Caputo, the Foreign Minister, as the only surviving member of the cabinet that came to power with President Alfonsín in December 1983.

Mr Troccoli apparently refused to accept any other post in the new cabinet. Mr Caputo's presence in the cabinet, with Mr Juan

## Police riot shocks provincial city

By Our Buenos Aires Correspondent

ARGENTINIAN POLICE in the northern city of Tucuman rioted on Tuesday, smashing windows and breaking down doors of the provincial legislature building.

The incident, which has shocked politicians and residents of the smallest but most densely populated province in the country, followed a two-week strike by units of the Tucuman police force in support of pay claims against the local government.

The strike was resolved yesterday when the Government agreed to issue bonds to cover the pay claims. The bonds are immediately redeemable at the provincial bank of Tucuman. The bank will be obliged to draw on reserves.

Underlying the incident, however, are even more serious political and economic problems. First, during the riot the police involved chanted support for a controversial retired Gen Antonio Bussi, who stood as candidate for the governorship of Tucuman in the September 6 elections for an extreme right-wing party.

The Tucuman incident has also prompted other government employees in the province to make the police's pay demands, which could create a financial crisis.

## Chrysler Corporation

has acquired

## American Motors Corporation

including 41.4% of the Common Stock and certain other securities owned by

## Régie Nationale des Usines Renault

The undersigned acted as financial advisor to  
Régie Nationale des Usines Renault.

## LAZARD FRÈRES &amp; Co.

August 13, 1987

## WORLD TRADE NEWS

## Seoul liberalises life insurance market

US EFFORTS to persuade South Korea to open its life insurance market to foreign competition have achieved success after years of lobbying, writes Maggie Ford in Seoul.

In a breakthrough decision, Seoul officials are to remove all restrictions on companies wishing to set up in South Korea, allowing subsidiaries or joint ventures rather than just branches of foreign companies.

New criteria for regulating the industry are to be drawn up by the Ministry of Finance

and, after a six-month approval period for applicants, the market should be fully open.

US officials said that the regulations would need to be studied, but displayed confidence that they would be acceptable. The South Korean insurance market is the 12th largest in the world and Washington has been pressing for liberalisation of the sector, along with advertising.

While little progress seems to have been made on advertising yet, negotiations over a number of disputes in

the aviation sector involving routes and freight appear to be moving ahead.

The agreement on insurance has provoked a complaint from Korean companies that the US is holding up entry visa permits for their executives trying to investigate the US market. US officials deny that they are deliberately obstructing the businessmen's plans.

Signs that Seoul is making sincere efforts to stick by its pledges to open markets may head off some of the expected US pressure to revalue the

South Korean currency, the won.

Labour unrest which broke out last month following the moves towards democracy in June will have helped reduce the country's trade surplus with the US, which was running at almost double the level agreed earlier this year.

In talks with the International Monetary Fund over the appropriate level of appreciation for the won, a rise of about 10 per cent against the US dollar is understood to have been set for this year.

## COMMERZBANK

## «Brainpower fuels all great works»



South Korean strikers: "So strong and all at the same time."

Business is working through the effects of the unrest, writes Maggie Ford  
Optimism follows S Korean strikes

A FEELING of optimism has emerged in South Korea after weeks of unrest and strikes followed democratic reforms announced at the end of June. Businesses have started working out ways of minimising the effect of pay rises on exports and profits and the strike at Hyundai Heavy Industries is the only substantial dispute still going on.

A senior executive of a big business group said: "We had an idea that the labour demands would be so strong and all at the same time. We had to learn fast, but we managed. Relationships between management and workers should be better from now on."

Businessmen and officials report that foreign importers have not lost confidence in South Korea as a result of the disputes. "It's a healthy sign," said one British businessman. "Both sides appear to have sorted out deals quickly and goodwill seems strong."

Footwear manufacturer Reebok, which gets 90 per cent of its supplies from South Korea and suffered some disruption in August, is planning to continue what it describes as an excellent relationship, going elsewhere only when Korean suppliers cannot cope with Reebok's expanding demand.

Trading organisations report some switching of sources of toys, subject to seasonal demand to other centres such as Taiwan, but Taipei officials said last week that the appreciation of the Taiwan currency would probably mean that the business would return to South Korea when the troubles ended.

The disruption has already caused a hiccup in South Korea's startling trade and current account figures. Exports in August were up 18.5 per cent, the lowest rise this year and the trade surplus reached only

\$64m. Motor exports recorded the first deficit, down 28 per cent on the same month last year.

The effect of the disruption may however have been sweetened by Seoul's economic planners. Earlier in the year, in the face of strong US pressure to open markets and appreciate the currency, they promised to restrain the country's current account surplus to around \$54m for the whole year. That was almost reached in the first six months but the summer unrest will make the figures more palatable, especially in Washington.

The South Korean Government has urged companies to absorb the costs of the pay rises awarded to workers, which vary between about 8 per cent and 30 per cent, so as not to damage the country's export strategy. It has offered easier terms on the repayment of government-backed loans to companies having difficulty and is facing a demand that the government abolish compulsory "donations" for government projects.

Companies claim that wage rises up to 4 per cent could be funded by the donations, which are demanded above normal taxes. The government has turned down pleas for a reduction in bank interest rates.

Of South Korea's top export earning industries, electronics and textiles have come out the best from the disputes with little time lost from strikes or parts shortages. Analysts believe this is partly because the many women workers in the sector have been less militant. Also, as their salaries are lower, pay rises have been less damaging to the companies.

Most of the more serious disputes have been in the heavy duty sector, especially shipbuilding, motor cars and heavy

machinery. Two groups—Daewoo and Hyundai, both with a reputation for authoritarian attitudes—have had severe difficulties over the level of pay rises and over demands for independent unions, free of company control.

Union leaders elected by workers at the Hyundai shipyard and at Daewoo Motor are in jail so there are no negotiations.

Hyundai Motor, where agreement between management and union is expected later this week, has returned to normal shift working after a total of 25 days' disruption caused by strikes and parts shortages. Although 20,000 cars were lost, company spokesmen say there has been no disruption yet in sales of the Pony Excel to the key North American market.

Daewoo Motor, a joint venture with General Motors of the US, is working normally but is not negotiating with its workers. The plant was closed for 30 days and lost 18,000 cars. Kia Motor, in which Ford has a stake, settled speedily but suffered about five days closure

because of parts shortages.

Analysts believe the worst case will be in auto subsidiaries, which was already under strain. Daewoo, where losses last year amounted to 45bn won (\$34m), already had a poor order book, and the increase in labour costs will not help. At Hyundai workers have been on strike for most of the past month, although they were working a month ahead of schedule, according to the company.

Observers think that government intervention will probably be necessary to solve this dispute. Businessmen believe that a big problem at these two companies has been the failure to devolve negotiating power to the management of the subsidiaries.

Apart from an early strike at the heavy industry subsidiary, which was quickly settled, the Samsung Group has suffered no disruption. It is believed to have met workers demands but analysts suspect the group may suffer difficulties later over the issue of independent union.

## Canadians pessimistic over chances of US free trade deal

BY ROBERT GIBBENS IN MONTREAL

CANADIAN Prime Minister Mr Brian Mulroney and the ten provincial premiers are warning that the chances of a Canada-US free trade deal are fast evaporating.

Mr Mulroney said that many "important stumbling blocks remained" in the protracted negotiations towards an agreement.

A broad outline has to be reached by October 5 under a US constitutional deadline.

Mr David Peterson, the Ontario Premier, fresh from a landslide victory for his Liberals in the September 10 provincial election, said if a deal is made, "it won't be as big" as originally envisaged.

Other provincial premiers expressed doubts, with Mr Robert Bourassa, the Quebec Premier, the most optimistic.

Ontario's fears of a free trade

deal have been fanned by Washington's demand to include the Canada-US auto pact in the trade negotiations.

This agreement, made in 1985, rationalised the North American car industry while providing safeguards against US temptation for the US manufacturers to move their existing Canadian plants south.

The Canadian car industry is 90 per cent concentrated in Ontario and the province has gained enormously from the auto pact and the lower Canadian dollar. It fears that any concessions made by Canada in the face of mounting US political pressure would lead to large job losses.

While the auto pact has become an emotional issue on both sides of the border, especially in the US, where assembly plants are being

closed, another stumbling block is Canada's insistence on a mechanism to resolve trade disputes between the two countries through binding arbitration.

The Americans say this would set an international precedent while they do not rule out some mechanism dealing with specific sectors, they say it would be difficult to fit into their political structure.

No solutions appear to be in sight on other issues, including farm subsidies, government buying policies, regional industrial support in Canada and freedom for US companies to invest in Canada.

The Canadian negotiating team under expects to continue negotiations until October 5. Mr Mulroney continues to say he will not sign any deal that does not broadly benefit Canada.

## Japanese bearing makers lift US prices

By Stefan Wagstyl in Tokyo

JAPANESE tapered roller bearing manufacturers are raising prices in the US following a successful anti-dumping action brought by their biggest US competitor.

The US Government's International Trade Commission this week confirmed a decision by the Commerce Department earlier this year that Japanese companies were selling larger roller bearings at less than fair value.

The ITC's decision means that increased dumping margins will be imposed on the Japanese. It is understood to be the first time that the ITC has approved a Commerce Department decision to penalise importing companies for failing to raise prices of bearings in response to the decline of the US dollar.

Koyo Seiko, one of the largest Japanese bearing manufacturers, said yesterday: "This is a warning to all Japanese companies."

But it added that it had not been able to raise prices in the US because Timken, the dominant US producer, had not increased them either. Timken, with 75 per cent of the market in large tapered bearings (that is, those more than 4 in long), had a virtual monopoly, Koyo Seiko said.

Koyo Seiko and NTN Toyo Bearing, another important producer, both said yesterday they had already taken steps to raise prices following the US Commerce Department's preliminary decision.

Japan's exports of roller bearings to the US last year totalled over ¥13bn. Koyo Seiko said the damage to sales would be small because 4-inch-plus tapered roller bearings accounted for only about 10 per cent of its US exports.

## Call to liberalise air-sea transport

CARTELS in air transport and shipping should be subjected to the rules of the General Agreement on Tariffs and Trade, according to the Foreign Trade Association, which represents European retailers, writes William Duffell in Geneva.

The association specifically named shipping liner conferences and preferential treatment of national airlines by governments

## Soviet Union steps up space sales effort

By Peter Marsh

THE USSR yesterday stepped up its efforts to export its space technology to the West by offering to build spacecraft for overseas companies.

The vehicles would later be lifted into orbit on Soviet rockets.

The offer was made in London by Mr Mikhail Safonov, deputy chairman of Ingostekhnichesk, a state-owned Soviet insurance company which is involved in the country's bid to sell launcher services.

The State Department announced in July that transfer to the Soviet Union of US-made satellite components, which are contained in virtually all Western space vehicles, would be prohibited under US technology transfer rules.

Mr Safonov, who was in London for a conference organised by the International Bar Association, a group of international lawyers, said that the US opposition to the offer of USSR launch services "was not unexpected."

He said the idea of a turnkey solution, with the Soviet Union providing both the launcher and the satellite, could overcome the technology-transfer obstacle.

## Australian group in talks on rail link in Israel

BY ANDREW WHITLEY IN JERUSALEM

NEGOTIATIONS on a new railway linking the Red Sea to the Mediterranean — providing a parallel transport system to the Suez Canal — will be held in Israel later this week with a leading Australian company, White Industries.

The turnkey project would involve the extension southwards of the existing Israeli railway in the Negev desert to the fast growing port of Eilat, at the head of the Gulf of Aqaba.

Finance and a guaranteed annual throughput of 1.5m tons would be provided by the prospective contractor, the Israeli Government has been told.

Estimated to cost between \$180m (£110m) and \$500m, depending on the extent of port infrastructure work required at Eilat, the railroad could provide a fast new route for Far Eastern and Australasian exports to Europe.

Tolls would be competitive with those being charged for the Egyptian authorities for the Suez Canal.

For Israel, the main attraction is that after disappointment over the cancellation of two other ambitious national projects—the Lavi combat aircraft and a proposed canal from the Dead Sea to the Mediterranean—the railway would provide a new focus for pride and energy.

Apart from benefits from the engineering and construction work, officials hope the railway will act as a stimulus to the revival of the depressed Negev region.

The development of the Negev was a central pre-occupation of Israel's first Prime Minister, Mr David Ben-Gurion, and the cause has been taken up by his disciple, Mr Shimon Peres, the current Foreign Minister and Labour Alignment leader.

According to the Transport Ministry, interest in the long discussed project had also been expressed by French and Belgian companies. But preference is being shown for the Australians because of their declared willingness to raise all the finance required.

With preliminary feasibility studies completed, detailed negotiations on costs and the port and goods handling alternatives at Eilat are now expected to take place during the visit of a delegation here from the diversified Australian company.

Present plans call for the construction of a single-track railroad from Mahal Zila, a lonely spot in the heart of the desert and the end of the line from Ashkelon port on the Mediterranean, due south to Eilat.

Over a century of market experience, strong interbank relationships, and worldwide access to funds.

Significant reasons why Commerzbank, one of West Germany's Big Three financial institutions, is at the forefront of domestic and international investment banking.

Lead and co-managing Eurobond issues and syndicated Euroloans. Arranging swaps and futures as well as tailor-made project finance. Providing access to the German capital market through bond and equity placements, including stock exchange introductions. And also offering sound M&A advice.

Whatever the complexity of the transaction, Commerzbank has the financial muscle and brainpower to structure all the components into an effective financial package. Whenever you need it.



**Commerzbank**  
German knowhow in global finance

Headquarters: P.O. Box 100505, D-6000 Frankfurt/Main. 865 branches throughout West Germany, including West Berlin. Foreign Branches and Subsidiaries: Amsterdam, Antwerp, Atlanta, Barcelona, Brussels, Chicago, Hong Kong, London, Los Angeles, Luxembourg, Madrid, New York, Osaka, Paris, Rotterdam, Singapore, Tokyo, Zurich. Representative Offices Abroad: Beijing, Buenos Aires, Cairo, Caracas, Copenhagen, Jakarta, Johannesburg, Manama (Bahrain), Mexico City, Moscow, Rio de Janeiro, São Paulo, Sydney, Tehran, Tokyo, Toronto.

AF 22/87

## TECHNOLOGY

## The office outcast is brought in from the cold

Jane Rippeteau explains how the humble photocopier is finding a new lease of life with the help of an add-on extra or two

THE PLAIN paper photocopier, after the initial excitement of its debut in the 1970s, has always been something of an office pariah. People were annoyed by its chronic paper jams and bad copy quality. And as the electronic office took off all around it, the copier was invariably stuck off on its own.

Now that is changing. Suddenly, the photocopier is metamorphosing into a piece of the integrated electronic office.

By adding a laser here, a digital scanner there, perhaps a facsimile capability, too, manufacturers are re-engineering the copier into a multi-purpose machine that can hook up to desktop computers, receive and convert computer information into hard copies and, although still very expensive, convert hard copies of typed text into digital data and ship it back into the computer.

"These capabilities are bringing copying into the digital electronic world," says Charles A. Pesko, Jr., president of CAP International, a US market research company that follows the office equipment market. "You can process, store, transmit or call up and edit information," he adds. "These are major changes for the traditional copier business."

No one expects the copier in its present form to disappear. Demand for stand-alone machines that simply reproduce hard copies is still growing, although the rate of that growth has crumbled from a heyday of 20 to 30 per cent annually to around 1 per cent today.

Still, in sales, service, rentals and supplies, the plain paper photocopier business is huge; it will amount to some \$35bn worldwide this year, edging up

to \$42.6bn by 1991, according to Monica David, an industry analyst at the US market research company Dataquest in San Jose, California.

Some sectors of the business are booming. Japanese producers are reeling in demand for their under-\$1,000 personal copiers - they come in bright red, blue and other colours and gobble up high-profit-margin cartridges of paper. Dataquest projects this business will double by 1991 from its current value of \$300m. At the opposite end of the market, dominated by Xerox, margins on high-speed, high-volume machines are still

### Re-engineered, the copier is thrusting into the digital electronics world

good, and placements usually involve lucrative service contracts.

Also, the new market for full-colour copiers is expected to take off sharply, particularly as businesses become accustomed to having colour graphics in reports and edit information. Personal computers, and colour in computer-aided design and manufacturing systems. Copier makers reason that, with colour originals, business users will demand high-quality, full-colour reproduction.

"There is a huge potential for colour," says Mike Mansell, manager for Copy Products at Kodak Ltd, which accounts for about one-third of Kodak's European copier business. Colour copiers on the market now are slow and expensive: the latest offering from Canon, competitively priced at £17,000, makes

only five copies a minute. Kodak has said it will soon unveil a machine harnessing its traditional colour expertise in a "high-speed, top-end duplicator."

Segment	1982	1983	1984	1985	1986	1987
PC	1.8	2.2	2.8	3.4	4.1	4.8
Small	1.1	1.4	1.8	2.2	2.7	3.2
Medium	0.7	0.8	1.0	1.2	1.4	1.6
Large	0.1	0.1	0.1	0.1	0.1	0.1
Total	3.6	4.4	5.6	6.7	8.2	9.7

### MARKET SEGMENTATION

Segment	Speed (cpm)	Aver. Mo. Average Price (Base Unit)	Copy Vol.	(US\$)
1-12	400	\$1,100		
13-20	2,000	\$1,650		
21-30	5,000	\$2,700		
31-45	7,000	\$4,800		
46-75	14,000	\$7,100		
76-90	24,000	\$12,700		
91+	68,000	\$22,200 To \$62,900		
	210,000	\$43,200 To \$129,775		

Changes from base units to fully featured systems

Personal copiers

Source: Dataquest

CHRIS WALKER

### Video news put in the picture

A SYSTEM that allows easy identification of incoming video signals from external news and other sources is to be marketed throughout the world by UK company Settech International (06285 28131).

Initially developed by Independent Television News (ITN), the system is called Rosie, an abbreviation of "remote source identification equipment". It has a similarity to teletext in that the unused TV scanning lines at the top of the picture are used to carry data which can be decoded by suitable electronics in the TV set, or monitor, and displayed as an alternative to the picture, or overlaid on the picture.

With Rosie, a digitally coded "label" of up to 16 text characters is generated by a hand-held encoder with a robust keypad. The resulting data is imposed on 10 normally invisible lines of the signal and is sent along with the picture to the video newsroom.

In teletext the data would not be readable by humans, even if the lines were visible on screen. But with Rosie, Settech arranges the data so that, with the monitor adjusted to make the lines visible at the top, the label can be read. Alternatively, a decoder will process the data into characters which can be displayed on the picture area itself.

To guard against wrong labels being sent, the encoder provides two video outputs, one for transmission and one for local pre-view. This allows the sending operator to compile a label or message in rehearsal mode before attaching it to the transmitted pictures.

### CIM played by the book

A USEFUL collection of information sources about computer integrated manufacturing (CIM) has been compiled by the Institution of Mechanical Engineers in the UK. The publication is timely in view of the growing interest in CIM and the quantity and variety of information which has been generated on the subject over the last few years.

The idea behind CIM is the unification of the various computer-aided systems that have grown piecemeal on the shop floor and within factory offices. These systems range from computer-aided design and engineering at the product concept stage, right through to robotics and other production line equipment at the "sharp" end.

The ultimate implementation of CIM is the factory under total computer control.

### DO YOU LOSE MONEY IF YOUR COMPUTER FAILS?

**Stratus**  
FAULT TOLERANT COMPUTERS  
01-248 8383

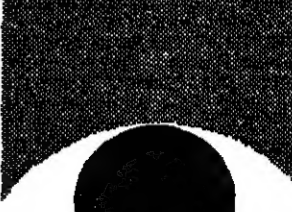
This so far has been approached only in companies like General Motors. But many companies have been looking at connecting two or more functions together, for example, design and test in the electronics industry.

The \$9 page book from the L.Mech.E. (in London on 222 7899) covers acronyms, standards, companies involved in CIM, conference proceedings, available, consultancy, directories, finance sources, market research reports, reference books and the work in progress at UK universities and polytechnics. It costs £12.50.

### Teaching machines a thing or two

SIEMENS, THE German electrical group, is to co-operate with the Massachusetts Institute of Technology (MIT) of the

### WORTH WATCHING



Edited by Geoffrey Charlish

US in long-term research into machine learning.

About one third of the \$16m budget earmarked by Siemens for such activity will be spent at MIT during the next five years.

The focus of the work will be methods and systems that can progressively acquire new knowledge through interaction with their environment, rather than through pre-programming.

Potential applications span nearly all computer uses and include the recognition and processing of images, sounds, text and speech.

## CHIEF ACCOUNTANT

Wessex c. £25,000 plus car + benefits

Our client is an award winning independent brewery with turnover of around £30m. As a result of the growth and diversification of the business, there is a need to recruit a chief accountant to initially undertake a total review of the accounting and management information systems and implement changes in order to provide improved management information throughout all areas.

Reporting to the joint managing director, the individual will then take full responsibility for the finance function including budgeting, planning, taxation, management and statutory accounting as well as becoming a member of the executive management committee of the company.

Applicants should be qualified accountants aged around 35 with experience of implementing modern computerised systems and the ability to work autonomously and with initiative. An essential requirement is the ability to influence and direct areas outside the financial function and to manage change effectively. In addition the successful candidate will have had line accounting and staff management experience.

The remuneration package includes a basic salary and car plus participation in an employee share and executive bonus scheme and a non-contributory pension. A relocation package is available if appropriate.

Please send brief career details, quoting reference F/028/A, to Carrie Andrews.

**Ernst & Whinney**  
Executive Recruitment Services  
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

## Group Accountant

South Manchester

To £18k + car + benefits

Our client is Smithdown Group Limited, a highly successful and ambitious group of companies within the construction/property development industry currently seeking to recruit an Accountant to take responsibility for all its accounting activities.

Reporting directly to the Managing Director the successful candidate will need to develop a Group finance function taking responsibility for:

- Ensuring the timely provision of accurate financial and management information to the Board.
- Interpreting, reporting and acting upon the implications of this information.
- Co-ordinating the development of management accounting systems.
- Effecting efficient cash accounting procedures.
- Making a significant contribution to the strategic direction of the Group.

Candidates who will be Chartered Accountants aged 26 - 35 should complement their technical expertise with highly developed personal skills including initiative, flair, pragmatism and adaptability allied to a broad business acumen.

The person recruited must be capable of realising Director status in the medium term.

Please write with full personal and career details including current salary package, quoting reference F8/307 to Paul Bailey, Spicer and Pegler, Personnel Services, Derby House, 12 Booth Street, Manchester, M60 2ED.

**Spicer and Pegler**  
Personnel Services

## City Accountants Management Consultancy

**KPMG Peat Marwick McLintock**

### London Based

Do you possess the initiative and personal drive required to succeed in one of the most demanding professional environments? Do you have an accounting qualification and 3 years or more experience in the financial sector? Have you considered management consultancy?

There are few careers which provide the variety and depth of experience that management consultancy affords. You will work closely with colleagues and client staff at all levels, addressing a wide spectrum of business and technical issues, and there will be opportunities to work abroad. Career progression is excellent for high calibre individuals. Emphasis is placed on individual development and you will receive continuing education and training.

To discuss, in confidence, contact Patrick Jackson on the number below, or on (089285) 3135 evenings and weekends. Alternatively, write, enclosing a C.V., quoting reference: J10107.

Rochester Recruitment Limited

More House, London Wall  
London EC2Y 5ET  
Telephone: 04-256 5611  
(FAX: 01-374 0980)

### to £35,000 + car

Peat Marwick McLintock is the UK's largest accounting and management consulting firm, with an international reputation for solving business and technical problems for financial institutions. We aim to maintain our impressive growth record in assisting clients to capitalise on the rapid developments in City markets. We are looking for accountants with various levels of experience of financial and management accounting and of systems development in the following areas:

- RETAIL BANKING: including clearing banks and building societies
- SECURITIES: including stockbroking and capital markets
- FUNDS MANAGEMENT
- INTERNATIONAL BANKING

## SUPERB CAREER OPPORTUNITY FINANCE MANAGER TO £20K + Car + Benefits

Access Electronic Components Ltd and its associated companies form a rapidly expanding division of the successful Diploma Group. From a standing start in 1980 Access has grown to be one of the major electronic component distributors in the country with sales currently running at £18m pa and 150 employees.

We have an exciting and challenging opportunity for a recently qualified accountant to assume responsibility for all aspects of the financial and computer systems development functions of the division. The successful applicant will also be expected to contribute to strategic business planning and the general commercial management of the business, possessing the strength of character and ability to become a key member of a young and dynamic management team.

Career prospects are excellent with an eventual directorship being available, and the rewards include a salary up to £20K in line with experience together with substantial benefits. Apply confidentially in writing, enclosing CV and details of current remuneration package to:

M E Mason, The Access Group,  
Jubilee House, Jubilee Road,  
Letchworth, Herts, SG6 1BH.

**THE ACCESS GROUP**

### COURTAULDS

## Group Management Accounting London W1

Courtaulds, the textiles, chemicals and industrial products group, is increasingly gaining recognition as one of the success stories of British manufacturing. Profits have grown at an annual average rate of 32% over the past five years and intensive investment and acquisition efforts are aimed at continuing that success into the 1990s and beyond.

The group finance function works closely with the main board monitoring the performance of businesses. As part of this team a qualified accountant is required to provide stability and continuity to the department.

The key tasks include the provision of regular reports to directors, the co-ordination of budgets and forecasts and helping with the development of computerised systems.

Aged 28-40 you should have previous commercial experience - preferably gained at the centre of a large multinational group using up to date computerised systems. You will be working without close supervision and should be able to demonstrate initiative and the ability to meet tight deadlines.

The salary and benefits, including a company car, are negotiable and on a par with Central London posts for other major international groups.

Please write enclosing a career/salary history and daytime number to: John P. Stagh FCCA quoting reference J1646/CF.

**Lloyd Management**

125 High Holborn London WC1V 6QA Selection Consultants

01-405 3499

# ICI shows a unified face to the world

Feona McEwan on the UK group's corporate identity campaign

TODAY ICI serves notice on the free world that it wishes to be seen in a fresh light. As he unveils the world-spanning corporate communications programme, Deryn Henderson, the chairman, would no doubt call it the true light. Things have been shifting inside Britain's biggest manufacturing company and it is shelling out £7m to make sure we know all about it.

It has taken the wiggle out of its famous round logo. And coloured its "face" blue. It has decreed that it wishes to be known as ICI and so drop the obsolete "Imperial Chemical Industries" tag. Tomorrow it launches a global advertising campaign, no less, to explain just how great a British company it is.

"If you rounded up every pair of blue jeans in the world you'd find the dye for one pair in four came from ICI," says one ad. And it has adopted the phrase "world class" to underpin its position on the international market.

But when Henderson unleashes the new communication programme on an unsuspecting world, will anyone notice, let alone care?

The answer must be, if the work is well done, yes and yes. But why do it?

In a nutshell, because it can no longer remain distant from consumer markets. When it was predominantly a bulk producer of chemicals and fibres, it did not feel the need to sell itself to a wide audience. But when demand for bulk chemicals collapsed in the late 1970s/early 1980s the company re-focused itself along "specialist" lines, a move which took it into consumer products. The company has, as a result, become increasingly aware of the need to present a more coherent and understandable image to the world.

Independent research indicated that, domestically, ICI was seen as dull, boring and chemical. And internationally, where its fate and even its very existence was in doubt, research confirmed what it had been aware of for years - it was virtually unknown.

In its dogged bid for growth, which has driven profits to a record high in the second quarter of this year and seen diversification in recent years into some 12 businesses, it had forgotten to tell anyone what it was doing. It had committed the cardinal sin of neglecting to market the corporation.

But whereas a number of com-



Before (top) and after. The logo, "the one thing that holds us together," now has a blue face

panies have instigated corporate campaigns as part of a defence against an unwanted bid, ICI's move is largely a case of the image catching up with the reality, according to Anne Ferguson, ICI's corporate marketing advisor. There was an anomaly between the outside world's perceptions of the company and the new-found strengths and makeup of the ICI of the 1980s. Insiders, too, were vague.

"ICI had changed from a series of national businesses into a series of international businesses, but this was not apparent to the outsider or insider," says Brian Boylan, managing director of Wolff Olins, which handled the corporate identity end of the programme.

Competitors such as Hoechst in West Germany and Dow and DuPont in the US were also active, which was another spur for action.

The butt of ICI's carefully orchestrated programme is a wide variety of key target audiences in the north east US, the UK, and Continental Western Europe, where the advertising campaign will initially be launched. The audience includes the financial community (from investors to media to banks), governments, legis-

tors, customers, the press, employees and their families - the idea being to predispose people to the company from prospective employees to current investors.

For a company of ICI's ambition, increasing internationalisation and diversification, a clear identity, an understanding of what the company stands for, is a prerequisite for success. "In order to compete internationally it is terribly important that all groups that influence our success are aware of what we have to offer," says Ferguson. Areas the company has marked out for expansion include health, domestic products, clothing and transport.

Another important factor, certainly in the chairman's eyes, was that the timing was right. He was the man who killed off the last ICI corporate campaign in 1980. "We were not in good shape, there'd been a cut in the dividend, we'd been reducing the workforce drastically and we cut it for that reason." You have to market a corporation, he believes, when the bottom line is right.

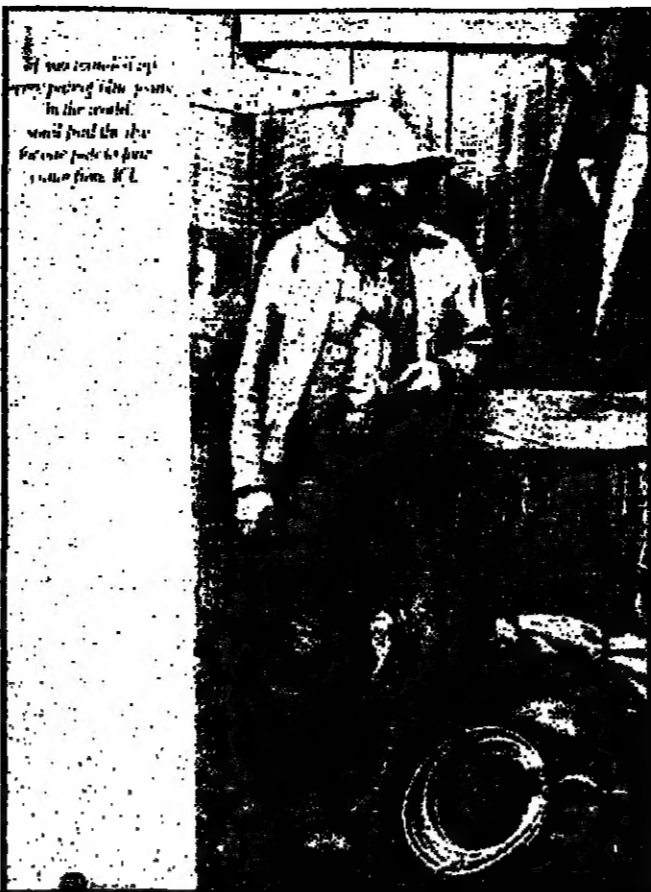
The need for an orchestrated corporate communications programme had been identified back in 1985 when the then chairman, Sir John Harvey-Jones, commissioned a report from corporate communications consultants McAvoy Worsfold Bayley. This laid much of the groundwork.

In defining his role as chairman at the start of this year, Deryn Henderson gave himself the job of custodian of the company image. "ICI is so big and so decentralised. I've long believed the macho chairman who decides everything is rubbish. So therefore there are only a few things you can influence."

Ferguson brought in two of the most practised names in the image business to help: Wolff Olins (which has just given the Prudential, London Transport and San Life a new image) and Saatchi & Saatchi, the world's biggest advertising agency.

After a world trek to examine the state of ICI's identity - or lack of it - Wolff Olins identified three reasons for the need for change. There was glaring inconsistency in the way ICI businesses used the existing myriad of typefaces, colours, logo sizes, on everything from stationery to its sponsored racing cars, much of it a result of the company's acquisitional growth.

The style of the identity was somewhere between 1930 and the 1970s, "not worthy of a world leader." And thirdly, the visual identity system did not work. For example, one business had stationery headed confusingly and indistinctly: "ICI, Imperial Chemical Industries, Organics Division, Colour and Fine Chemicals."



ICI's new identity is a rainbow of different shades which Boylan says suggests maturity and sophistication.

On the advertising front, it is harder to market a company than its products, says Ferguson. "You can describe a company in terms of its products but we have 17,000 so that's not possible. We started with a green field, and asked - what's our special proposition?" In the phrase "world class" ICI reckoned it found it. "Everyone got very excited because we felt it encapsulated what the company was about." The brief to Saatchi for the advertising campaign was simply to sum up the world class mood.

The campaign will take in press, television and posters in the north-eastern US, UK and continental Europe from tomorrow until October. All the company will say about its 60-second commercial is that "it's not what you'd expect." The press ads reflect the worldwide scale of ICI operations accompanied by mind-numbing facts about its ubiquitous products.

At the end of the day, the corporate communications programme is about much more than window dressing, Henderson, an impatient, energetic Aberdonian, says he will be looking for immediate returns.

## Frozen desserts

# Variety is the ice of life

Dina Medland explains how Wall's is widening the market

NOT JUST ONE Cornetto but thousands - 13,600 cones an hour to be exact - come spewing off the production line at the new Wall's ice cream plant at Barnwood, Gloucester, the biggest and, according to Wall's, the most modern in Europe.

Birds Eye Wall's, part of the giant Anglo-Dutch Unilever foods to detergents group, has spent £40m extending and modernising its factory, which sits on a 75-acre site and contains a production hall the size of two football pitches.

"Full computerisation has substantially improved our efficiency and almost doubled our capacity at Gloucester," says site general manager John Hazelwood.

Investment in innovative technology there is now £100m invested in equipment at the plant - is just one facet of Wall's long-term strategy aimed at claiming more than its current near-40 per cent share of the £500m annual UK ice cream market.

Cornetto, Britain's best-selling ice cream, serves well to illustrate the success of that strategy, which concentrates on a substantial investment in the advertising and packaging of a product as well as on the development of the product itself.

But Wall's has also benefited from a changing market in the UK for ice cream which has evolved over the past decade.

When it was first launched 15 years ago, Cornetto flopped badly, and was hastily withdrawn. Five years later it was reintroduced to a more welcome reception. The product had not changed, but the market had, and Wall's was on to a winner.

In the last 10 years, 500m Cornettos have been sold, with last year's sales alone amounting to £2m. A clearly identifiable advertising campaign has both boosted the product's popularity and become part of advertising memorabilia.

"Ten years ago this factory used to have to butcher meat to provide alternative employment during the winter months when the demand for ice cream was at its lowest," says Hazelwood. Since then, changing tastes, accelerated by massive marketing programmes, have contributed to much greater consumption of ice cream.

Central heating in 71 per cent of homes by 1986 (compared

ICE CREAM MARKET 1985/86				
		£ millions	1985	% change
IMPULSE	Wrapped	127	138	+8
	Scooping/Soft	61	76	+26
TAKE HOME	Multipacks	58	70	+22
	Complete Desserts	20	26	+30
	Premium Ice Cream	14	19	+35
	Standard Ice Cream	147	148	+1

Source: AGB Admarket/Wall's

with 60 per cent in 1976) has helped create seasonal peaks in the business twice a year - in the summer and at Christmas (when over a third of all ice-cream deserts made by Wall's is consumed).

At the same time dessert cakes - "dinner pudding substitutes" with ornate layers of ice cream, chocolate, fruit and/or nuts - have gained in popularity, helped by the growth in freezer ownership. In 1972 just 2.5 per cent of homes had freezers, but by 1987 that figure had leapt to 74 per cent, according to Wall's.

Increasing freezer ownership has opened up a "take-home" market generally and Wall's places as much importance on this as its earlier "impulse buying" market of largely, cones, scoops or ice lollies.

Wall's claims to have pioneered the development of such frozen complete desserts in 1982 with a product known as Viennetta. Having first developed a "concept" for the product, the company then proceeded to develop a means of putting it together, a use of processes which is now protected by patent.

Manufacturing technologies are kept flexible, enabling test marketing volumes to be kept fairly small and ensuring that Wall's gets its money's worth out of its capital investment. Using the same technology, the Viennetta, an ice cream and crisp chocolate product was followed two years later by Sonata, which has dark chocolate, and two years after that, Carissima, vanilla ice cream with a raspberry sorbet centre.

Caution ahead of heavy research and marketing is supplemented by the use of Unilever factories with spare capacity abroad when they prove to be more cost-effective. A giant ice cream cone - Magnifico - is cur-

rently being marketed as part of the premium product range within the impulse buying sector, and is manufactured in a sister company in West Germany.

Along with other "premium" treats, Magnifico is being marketed in a £5.5m multi-media campaign on a "Truly Adult Affair" theme aimed at seducing the adult market.

While research shows the average child in the UK consumes 22 ice creams a year, the average adult consumes a mere six - a figure Wall's would like to see increase, particularly as 81 per cent of the nation's population is now over 14.

Wall's - which claims 39 per cent of the UK market - dominates ice cream advertising, accounting for 90 per cent of the £5.2m industry spend in 1986.

"The ice cream industry in the UK has to work a lot harder than the Continent or the US to generate profits...summers there are more reliable and people are prepared to spend more on their ice-cream," says Hazelwood.

Wall's has learned some important lessons about how much British people are prepared to pay. Its higher-priced Carte d'Or dairy-fat based range of ice creams introduced two years ago from France is "not breaking any records," says Hazelwood, though sales have improved since the range was underpinned by a range of sorbets and ice cream called Alpine.

Alongside new product developments there is also a constant awareness of the need to market the same product in a different way. For example, multipacks sold through supermarkets now take into homes products such as cones, which were in the past only aimed at impulse buyers.

# COMFORTABLE WITH POWER

THE FORD SIERRAS FOR 1987.

To be truly comfortable a car needs power, because power takes the tension out of driving.

It makes overtaking safer and long journeys much less tiring. Which is one reason why the Sierra Sapphire Ghia, pictured here, is so effortless to drive.

Thanks to fuel injection, and to its very sophisticated 'brain' - the little computer that manages the engine's performance - its engine develops plenty of power - 115 PS.

To make driving even easier, you've the choice of a 5-speed manual gearbox or the optional 4-speed automatic, both of which have high top gears to keep revs down on motorways.

Nice and quiet that. And the suspension, while smooth, is reassuringly firm, which makes the Sapphire a pleasure to handle.

Other notable features?

This year's Sierras have more powerful headlights and deeper side windows which give the car a lighter, more spacious feeling as well as better visibility. And this Ghia enjoys all the standard equipment listed on the right.

One final point, all Ford Sierras are now available with anti-lock brakes. You may not need them very often but, isn't it comforting to know, if ever you do have to brake really hard, it's in your power.



SIERRA SAPPHIRE 2.0i GHIA.

- |  |                                      |
|--|--------------------------------------|
| Height adjustable driver's seat with lumbar support. | Multi-function, digital clock.       |
| Tilt/slide sunroof.                                  | Graphic warning module.              |
| Electric windows all round.                          | Variable speed, intermittent wipers. |
| High security locks.                                 | Delayed action courtesy lights.      |
| Central locking.                                     | Tinted glass.                        |
| Electric door mirrors.                               | Options include:                     |
| Electronic self-seek stereo radio/cassette.          | Anti-lock brakes.                    |
|  | Air conditioning.                    |
|  | Electrically heated windscreen.      |
|  | Power steering.                      |
|  | Headlight wash wipers.               |
|  | Fuel computer.                       |



# THE ENTREPRENEURS

## EARLY STAGE

THE BRAINCHILD OF EX-IBM SALESMAN GEOFF HENDERSON IS MAINSTAY COMPUTER COVER.



IN 1983, WHEN CITICORP VENTURE CAPITAL INVESTED £275,000 FOR A 20% STAKE, 7 EMPLOYEES SHARED A SUB-LET BACK ROOM!

GEOFF'S IDEA WAS TO OFFER PRIORITY SERVICE AT A LOWER PRICE TO IBM USERS...



...WITH HAND-PICKED EX-IBM ENGINEERS.

SUPPLYING PARTS, UPGRADES AND COMPLETE MACHINES... 80% FROM OWN INVENTORY BUT ALSO DRAWING ON IBM.



...A HELP-LINE FROM SOFTWARE-TRAINED HARDWARE ENGINEERS.

-ART: FRANK LANGFORD-



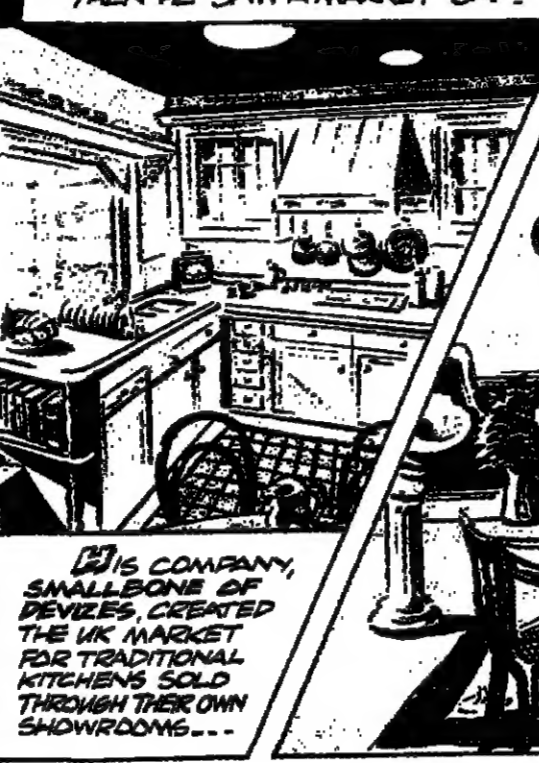
TODAY, 175 EMPLOYEES IN 6 UK OFFICES AND 3 ABROAD SERVICE ALL IBM-COMPATIBLE MAINFRAMES, MINIS, MICROS AND PERIPHERALS... MAINSTAY IS NOW THE LEADING INDEPENDENT MAINTAINER OF IBM MINI COMPUTERS IN EUROPE!

## EXPANSION CAPITAL

UNTIL 1980, GRAHAM CLARK MADE A LIVING... OF SORTS... SUPPLYING WEST COUNTRY FURNITURE TO LONDON ANTIQUE DEALERS...

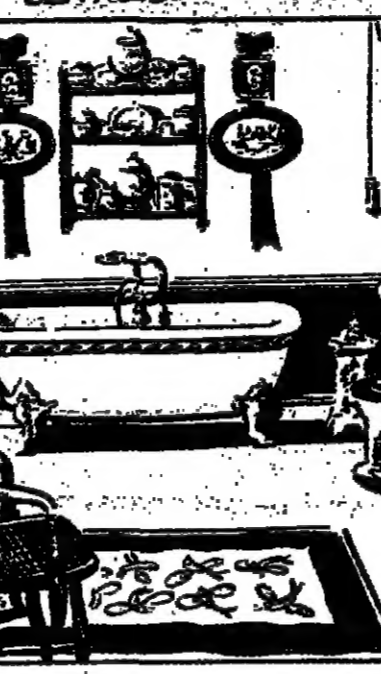


...THEN HE SAW A MARKET GAP!



THIS COMPANY, SMALLBONE OF DEVICES, CREATED THE UK MARKET FOR TRADITIONAL KITCHENS SOLD THROUGH THEIR OWN SHOWROOMS...

...AND THEN BOUGHT SANDMAN WITH ITS VICTORIAN RANGE IN 100 BATHROOM CENTRES!



IN 1985, CVC INJECTED £500,000 CAPITAL TO STRENGTHEN THE BALANCE SHEET FOR A USM FLOTATION...



THESE GUYS DON'T JUST SIT AROUND WAITING FOR DIVIDENDS AND A FLOTATION... THEY'RE PREPARED TO ROLL UP THEIR SLEEVES... AND HELP OUT!



## MANAGEMENT BUY-OUTS



WITH 1000 TRAILERS OPERATING FROM 41 DEPOTS IN 10 COUNTRIES, TID IS NO. 1 IN EUROPEAN TRAILER RENTAL!

WHEN THE 'FOR SALE' SIGN WENT UP LAST YEAR, CVC LED A SYNDICATE OF 14 INSTITUTIONS IN OUR £60 MILLION MANAGEMENT BUY-OUT.



20 YEARS WITH TID, JIM CLEARY IS NOW IN THE DRIVER'S SEAT OF A 3-YEAR £27 MILLION EXPANSION PROGRAMME TO PROVIDE...

MORE CHOICE: 27 STANDARD MODELS... OR DESIGNED TO SPEC!

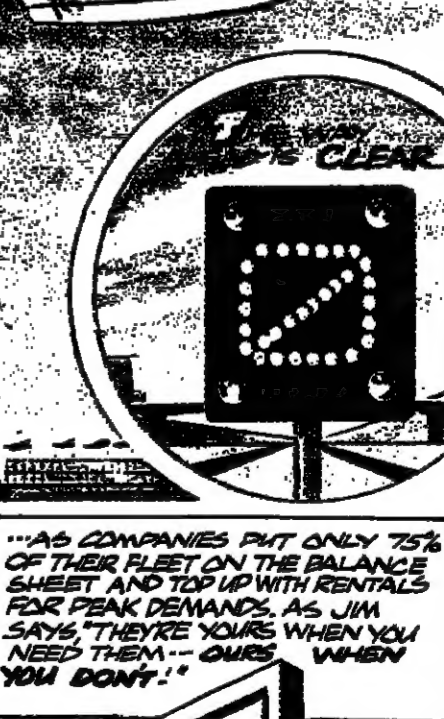


... IN OWN LIVERY...

...AND MORE DEPOTS TO GET THE TRAILER TO THE JOB FASTER AND CHEAPER!



...AS COMPANIES PUT ONLY 75% OF THEIR FLEET ON THE BALANCE SHEET AND TOP UP WITH RENTALS FOR PEAK DEMANDS, AS JIM SAYS, 'THEY'RE YOURS WHEN YOU NEED THEM... OURS WHEN YOU DON'T'.



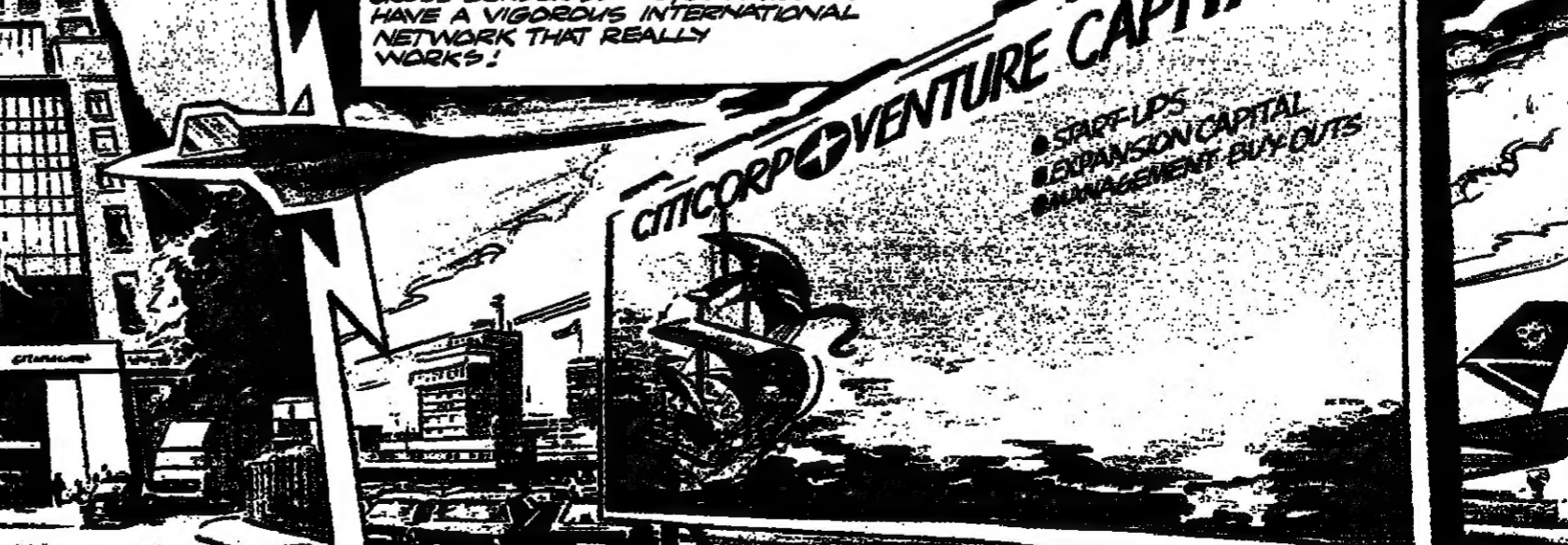
## CITICORP VENTURE CAPITAL

CVC SUPPORTS THE ENTREPRENEURS OF THE 1990'S WITH CAPITAL IN EVERY PHASE OF A COMPANY'S LIFE CYCLE... START-UPS, EXPANSION, AND MBO'S... OUR STAFF COME FROM A VARIETY OF INDUSTRIAL AND COMMERCIAL BACKGROUNDS... TECHNOLOGY TRANSFERS AND MARKETING PROPOSITIONS ARE FAMILIAR TERRITORY.



WE ARE FLEXIBLE AND CREATIVE IN TAILORING EACH FINANCIAL PACKAGE TO A COMPANY'S PARTICULAR CIRCUMSTANCES!

## CITICORP VENTURE CAPITAL



IF YOU HAVE A QUALITY PROPOSITION CALL US... WE'VE BEEN LEADING PLAYERS IN THIS GAME FROM DAY ONE, SO WE HAVE THE EXPERIENCE YOU'LL NEED TO BUILD ON!

## CITICORP VENTURE CAPITAL

2 SAVOY COURT, LONDON WC2R 0EZ TEL: 01-438 1266/1271 TELEX: 299831  
London • Frankfurt • Madrid • Milan • Paris

## AUSTRALIAN GOLD MINING

John McIlwraith reports on a rising Australian entrepreneur

## Paving the way for a golden future

ALTHOUGH Robert James Champion de Crespigny hardly fits the stereotype of the brash, aggressive Australian entrepreneur, more at home with a Foster's in his hand than a Bollinger, he is among the more successful recent gold promoters. A company he formed two years ago with A\$500,000 now has a market capitalisation of about A\$200m (US\$145m).

Such is the overheated nature of the Australian gold market that a recent announcement that the company, Normandy Resources (the name is a tribute to his family's origins), would raise A\$115m, attracted little notice.

Mr de Crespigny, who has the personal and corporate style of a satirical Robert Holmes & Court, is engaged in a struggle with Alan Bond for control of a large part of the Golden Mile—in a short time as a gold tycoon, he has learnt not to be overawed by reputations.

Apart from aristocratic European family names, Mr de Crespigny shares with Mr Holmes & Court a cool detachment in his investment philosophy, a slightly self-deprecating, courteous manner, and above all an ability to increase the value of his companies rapidly.

When Normandy was launched in 1985, its market capitalisation stood at less than A\$1m and its share price at 14 cents.

Recently, the shares have hovered at about A\$4.40, and Mr de Crespigny controls the company, with a shareholding of 30 per cent.

However, Mr de Crespigny is not carried away by success. He says: "We have not really achieved much yet, but we feel we have established a solid base on which to launch companies which will be good performers over the long term. We are not interested in the highs and lows of the traditional gold market."

He insists that he is not necessarily bullish about gold in the longer term. "I have no idea where the gold price is going"—but seeks instead to invest in companies which have the lowest possible production costs, in preparation for what he sees as the eventual fall in gold prices.

He sees gold's success in the past two years as a solid base from which to diversify into areas ranging from other metals to a counter-cyclical investment in all exploration.

Mr de Crespigny stresses: "Maximising the benefit to

shareholders is our prime duty, and we are hoping to prove this with results in the next year or two."

Normandy declared a maiden dividend of 4 cents per share in its first full year of operations, ended December, based on profits of about A\$3.4m.

Based on the strong performance of the Galtee More gold mines—the group's main source of cash flow, held through Brunswick—analysts expect the dividend to be double that figure in the current year, on profits of between A\$8m and A\$10m.

Part of the group's conservative policy toward shareholders involves making regular rights issues—there have been three so far—at prices below market value. This courtesy has been noted by investors.

The imminent capital-raising exercise will follow the same pattern with a three-for-five rights issue at A\$3 and a placement of 4.8m shares at A\$4.

Mr de Crespigny's policy towards acquisitions—the most significant recent example was his capture of Poseidon, the old survivor of Australian mining booms—is accomplished with the agreement of the leading shareholders.

The Poseidon acquisition became intriguing when North Kalgoorlie, Mr Bond's family-controlled company, secured control of Gold Mines of Kalgoorlie (GMR) earlier this year.

As a result, Poseidon and GMR have equal interests in Kalgoorlie Mining Associates (KMA). Poseidon and GMR each have 50 per cent of Kalgoorlie Lake View, which in turn owns 52 per cent of KMA.

Contrary to the general view, Mr Bond's acquisition does not assure him management control of KMA. Although he has a big investment in the company, he will not necessarily be able to complete the rationalisation of his Kalgoorlie interests. Homestake of the US holds the remaining 48 per cent of KMA.

There have been discussions between Mr Bond and Mr de Crespigny, described by both as "friendly." At issue in the talks, in which Homestake is also involved, is how the combined interests of the Golden Mile will be managed.

Poseidon and Homestake seem unlikely to permit Dai-ichi Resource Management, Mr Bond's family company, to manage KMA.

Normandy Resources sur-



Robert de Crespigny: cool detachment

prised the market when it gained control of Poseidon a few months ago, buying about 20 per cent of the company for nearly A\$80m. Only this week Poseidon's management was reshuffled, its board reduced in size and Mr de Crespigny designated managing director.

Poseidon promises to be an exciting prospect for Normandy, as the value of its holding could be greatly enhanced by a recent proposal to establish what would be Australia's biggest open-pit gold mine, at Kalgoorlie.

KMA is proposing to mine 8m tonnes of ore a year at Fimiston, close to its highly successful Mr Charlotte deep mine (which produces 1m tonnes a year). This would make KMA Australia's biggest producer.

If the proposal proves acceptable it would produce gold at great depth, and with a yield of only 2 grammes per tonne. Yet with vast economies of scale available there would be room for big profits at current metal prices.

Such a venture would lift KMA's gold production to more than 500,000 ounces a year—roughly 16 tonnes—and the equivalent of Australia's total gold production a few years ago.

No figures have been released to show how much the project would cost, but mining experts watching in some awe from the sidelines suggest the figure could be between A\$130m and A\$140m.

Mr de Crespigny dismisses any suggestion of grandeur in this vision, and tends to explain his decisions with the cool logic of an accountant, which he is. He argues that gold is attractive because it is easily sold, and as a result requires no expensive marketing structure.

However, he is also well aware of the metal's volatility, and frequently warns that the price will eventually turn down. He refuses to put any hypothetical floor under gold prices, but stresses that Australian mines must strive to cut costs to protect themselves against this possibility.

Mr de Crespigny does not speculate on the combined effects of both a stronger Australian dollar and a weaker US dollar price for gold, but the combined effect could test the apparently wide margins of profit that Australian gold producers now enjoy.

He applauds the fact that the current gold boom generally seems to have been better controlled in terms of share market ethics than previous ones—with the incredible excesses of the nickel rush of the late 1980s the outstanding example.

His concern with counter-cyclical investment has led to an ambitious expansion of Command Petroleum (in which Normandy has a 30 per cent interest) which has acquired companies giving it important hydrocarbon reserves throughout Australia. Command has a current market capitalisation of A\$80m, and liquid funds of A\$12m.

Mr de Crespigny's reserve, and his almost puritanical approach to what he describes as "a bookkeeper's way of investing in resources," set him apart from many of the stock promoters who have made the Western Australian gold scene so colourful in the past five years.

However, he can afford to believe his slightly anachronistic approach is not necessarily wrong. For example, he takes great pains to point out that after the latest fund-raising, his company will be debt-free and have A\$95m available for investment.

Mr de Crespigny seems to be unconscious of any parallels with the man who has made the Bell group a success in recent years. It will be interesting to see whether a second exception to the flamboyant Australian style in entrepreneurship continues to flourish if gold's fortunes decline.

NEW ISSUE

This announcement appears as a matter of record only.

September, 1987

NIPPON COINCO CO., LTD.

NIPPON COINCO CO., LTD.

U.S.\$60,000,000

3¼ per cent. Guaranteed Bonds 1992

with

Warrants

to subscribe for shares of common stock of Nippon Coinco Co., Ltd.

The Bonds will be jointly, severally, unconditionally and irrevocably guaranteed by

The Dai-ichi Kangyo Bank, Limited

and

The Industrial Bank of Japan, Limited

ISSUE PRICE: 100 PER CENT.

Daiwa Europe Limited

IBJ International Limited

DKB International Limited

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

Banca della Svizzera Italiana

Bank of Yokohama (Europe) S.A.

Banque Indosuez

Banque Paribas Capital Markets Limited

Dai-ichi Europe Limited

Fuji International Finance Limited

KOKUSAI Europe Limited

Lombard Odier International Underwriters S.A.

Merrill Lynch Capital Markets

Morgan Grenfell &amp; Co. Limited

Salomon Brothers International Limited

Taiyo Kobe International Limited

Universal (U.K.) Limited



Speed and accuracy  
in a very superior form.

Today's business communications call for ever-increasing speed and accuracy.

And for high-speed business forms you can rely on, there's no better self-copying paper than IDEM. Information typed or computer processed onto the top sheet is transferred instantly to every other sheet in the set.

With total precision. Copy after copy.

#### HIGH TECHNOLOGY HIGH PERFORMANCE

IDEM is designed for today's high speed, high technology equipment.

So it's ideal for the fastest continuous stationery. And compatible with the lightest impact computer printer.

IDEM is carbon free, so it's clean and easy to use. With an extensive choice of colours in a continually developing range.

That's why IDEM is No 1. For the largest international corporation. Or the smallest local business.

#### THE IDEM BUSINESS FORMS SERVICE

To show how IDEM can help you and your company, we've created the IDEM Business Forms Service.

Our brochure explains the advantages of using a self-copying paper and demonstrates the benefits of superior business forms.

It outlines the various types of forms; it helps you design forms specifically for your company.

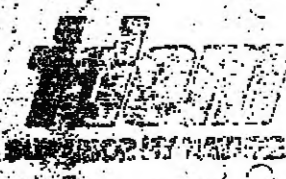
And it even directs you to your IDEM printer.

When business communications call for speed and accuracy, call for IDEM.

FOR YOUR GUIDE TO SUPERIOR BUSINESS FORMS

RING 01-200 0200. OR WRITE TO IDEM, PO BOX 133,

DEPT A, BASINGSTOKE, HANTS RG21 2BR



These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

16th September, 1987



# NISSHINBO INDUSTRIES, INC.

(Nisshinboshi Kaisha)

U.S.\$150,000,000

3 1/4 per cent. Bonds 1992

with

Warrants

to subscribe for shares of common stock of

Nisshinbo Industries, Inc.

Issue Price 100 per cent.

Nomura International Limited  
Credit Suisse First Boston Limited

The Nikko Securities Co., (Europe) Ltd.  
DKB International Limited

Fuji International Finance Limited

Bankers Trust International Limited  
BNP Capital Markets Limited  
DG Bank Deutsche Genossenschaftsbank  
Robert Fleming & Co. Limited  
KOKUSAI Europe Limited  
Morgan Grenfell & Co. Limited  
Morgan Stanley International  
J. Henry Schroder Wagg & Co. Limited  
Westdeutsche Landesbank Girozentrale

Banque Paribas Capital Markets Limited  
Daiwa Europe Limited  
Dresdner Bank Aktiengesellschaft  
Kleinwort Benson Limited  
Mitsubishi Finance International Limited  
J. P. Morgan Securities Asia Ltd.  
Salomon Brothers International Limited  
Tokyo Securities Co. (Europe) Ltd.  
Yamaichi International (Europe) Limited



ARRIVE IN NORTH AMERICA IN STATE. THE SAME DAY.

Whatever state you're headed for in North America, Sabena will get you there comfortably the same day.

So if you'd like to see the realty behind television soap opera, take off from Brussels at 11.55 and you'll be in Dallas by 19.00 - just in time for cocktails at the Elms.

Maybe you've been summoned to an urgent pow-wow with the Big Chief in Winnipeg? Leave Brussels 11.40 and catch

Sabena's Canadian Connection via Toronto: you'll be puffing the pipe of peace before 19.00.

New York, Boston, Chicago, Detroit, Atlanta, Anchorage, Montreal, Toronto - our 8 strategic gateways offer Sunday connections to almost anywhere in the US and Canada. It's all typical of Sabena's famous "saver-faire" - on 34 flights weekly to and from North America.

So fly Sabena to North America. And arrive in state.

**SABENA**  
BELGIAN WORLD AIRLINES  
SAVOIR - FAIRE IN THE AIR

## APPOINTMENTS

### Sir George Jefferson to be chairman of Matthew Hall

Sir George Jefferson has been appointed chairman of MATTHEW HALL from October 1 upon the retirement of Mr Dennis Garrett who has been chairman since 1982. Sir George joined Matthew Hall as a non-executive director on July 1. He was chairman of British Telecom from 1981 to 1987. Sir George is also a director of Lloyds Bank.

Mr J. H. D. Bridges has been appointed a director of BOLTON INGHAM (AGENCY).

MONEX has appointed Mr N. Brooke and Mr P. J. Kostromin as directors and Mr F. Scivener as manager.

Ms Claire Davies and Mr Gerald Eva have been appointed joint managing directors of PORTON ADVERTISING.

Mr Alan Kerr has been appointed chief executive, MOTHERCARE EUROPE, and Mr Steve Dalles becomes finance director. Mr Kerr was director of store operations, and Mr Dalles was European accountant. Mr David Thompson has been appointed finance director of Mothercare UK, and Mr David Evans becomes computer systems director.

GREENE BELFIELD-SMITH has appointed Mr Russell Kett as project director in the hotel consultancy division. He was with Horwath & Horwath (UK).

Mr Neil Macdonald has been appointed regional director, Scotland, of SANDERS AND

SIDNEY. He was marketing director of the Scottish Development Agency.

The Earl of Harrowby will be retiring from the board of NATIONAL WESTMINSTER BANK on December 31. He has been a deputy chairman since 1971. Lord Harrowby will continue as a non-executive director.



Sir Peter Walters, a deputy chairman of NatWest

of Coutts & Co. Sir Peter Walters has been appointed deputy chairman of the bank from January 1 1988. He has been a NatWest director since 1981. Sir Peter has been chairman of British Petroleum since 1981. He is president of the Institute of Directors.

CALA has appointed Mr Alan W. Downie as managing director for the group's three Scottish housing subsidiaries: CALA

Homes Lothian, Aberdeen, and Strathclyde. Mr Downie, who joins the group from Wimpey Homes Holdings, replaced Mr Steve Rastler, who is to be managing director of a new company, CALA Homes, which will act as a holding company for all the group's housebuilding interests.

Mr Tony Kelley, at present chairman of CALA's operations in the south, will be chairman of the new company.

THE HUNTING GATE GROUP has appointed two main board directors: Mr Jonathan Walters, managing director of Hunting Gate Developments, a major subsidiary which specialises in commercial property; and Mr Ken Price, managing director of Hunting Gate Homes.

GRANADA GROUP has appointed Mr Peter Davis as non-executive director. He is chief executive of Reed International. Reed International is a shareholder in BSB, the direct broadcasting satellite consortium of which Granada is a founder shareholder.

ICS PUBLISHING CO has appointed Mr John Darby as financial controller. He was with ITC in Brussels.

AIR UK has appointed Captain Alan Cottle to succeed Captain David Henry as operations director on December 1. Captain Cottle is with Royal Brunei Airlines where he is flight technical captain. Captain Henry was recently appointed chief pilot and a director of Air UK.



Sir George Jefferson

(Leisure), a new charter airline being formed at Stansted Airport.

Mr Tony Leyland, managing director of Sellar Morris Development UK operations, has been appointed a director of MARTIN FORD following its acquisition of SMD.

HEATH FIELDING LMK, a C. E. Heath subsidiary, has appointed Mr Richard Lay as joint managing director. Mr Peter Gravette, Mr Mark Jones and Mr Christopher Bennett have been appointed assistant directors.

Mr A. S. Durward, chief general manager and a director of the Alliance & Leicester Building Society, and Mr J. E. Oates, finance director of Marks & Spencer, have been appointed non-executive directors on the main board of JOHN LAIN.

## CONTRACTS

### Irish company wins big software order

An Irish company's success in winning what is believed to be Europe's largest ever software contract - worth £11m signed with NEC Australia - will be the springboard for a major new UK joint venture in the UK.

The company is SOFTWARE LABORATORIES, of Bray, Co. Wicklow, which will supply its newly-developed UNIGEM accounting software to NEC Information Systems Pty, of Sydney for distribution throughout Australia and New Zealand. Software Laboratories is a specialist UK software house which was set up in 1981 by a consortium of European and US investors. The company employs 50 people and is currently embarking on a major expansion in which the next stage is

a significant joint venture project in the UK for which it is now actively seeking a UK partner with marketing and development resources.

UNIGEM (Unix General Environmental Manager), designed at a cost of £1m has a "open" architecture built around a central core of powerful accounting systems. Its flexibility allows for ease of application to an individual user's specific needs. Integrating with the leading Unix packages currently available and with leading networking systems, it runs on a wide range of Unix and non-Unix computers, mainframes, minis and multi-use micros with equal ease.

UNIGEM is available in English, French, German and

Hebrew with further language translations in progress. It currently meets the accounting requirements of over a dozen countries.

KERRY HANDLING has been awarded a contract worth £570,000 by Fresha Bakeries of Leicester to install its new roll production lines. The plant is designed to handle some 22,000 rolls an hour, completely automatically with only supervisory staff.

In a contract worth more than £2m, British Gas Southern has chosen BRITISH TELECOM to re-equip its trunk communications network in the order of one of the largest private networks supplied by British Tele-

com and the first time that a completely ready-to-switch-on system has been provided entirely by British Telecom staff.

The system will also carry information about pressure and flow in the region's gas grid. Being digital, the new system will enable new kinds of information technology equipment to be connected when required. The backbone of the network comprises a total of 21 microwave radio links, operating at 1.5, 7.5 and 13 GHz. Work will be completed by March 1988, when it will replace the existing analogue equipment.



**Daewoo Heavy Industries Ltd.**  
(Incorporated in the Republic of Korea with limited liability)

US\$40,000,000

3 per cent. Convertible Bonds 2001

### NOTICE OF CONVERSION PRICE ADJUSTMENT

Notice is hereby given to the holders of 3 per cent. Convertible bonds 2001 of Daewoo Heavy Industries Ltd. that in accordance with the terms of the trust deed dated 23rd May, 1986, the conversion price was decreased from Korean Won 19,190 to Korean Won 14,792 per share effective 22nd August, 1987. This adjustment had resulted from the issuing of new shares, on which the details were published in "Financial Times" dated 6th August, 1987.

Daewoo Heavy Industries Ltd.

### NOTICE OF REDEMPTION

US\$62,500,000 (Originally US\$100,000,000)

British Airways Plc (Previously British Airways Board)

Guaranteed Floating/Fixed Rate Notes due 1991

NOTICE IS HEREBY GIVEN that in accordance with Clause 6(2) (in the case of the Floating Rate Notes) AND Clause 7(2) (in the case of the Fixed Rate Notes) of the above mentioned issues, the entire principal amount outstanding of the above mentioned issues will be redeemed 16th November 1987 at a redemption price of 100%.

On 16th November 1987 the Notes will become due and payable at the redemption price upon presentation and surrender at the offices of the Paying Agent.

On 15th November 1987 interest on the Notes will cease to accrue.

Coupons due 15th November 1987 should be detached and presented in the usual fashion.

A deduction will be made from the redemption proceeds in respect of any Notes which are presented with unreturned coupons missing.

PRINCIPAL PAYING AGENT

**ORION ROYAL BANK LIMITED**  
A member of The Royal Bank of Canada Group  
1, London Wall, London EC2Y 5JX

A FINANCIAL TIMES SURVEY  
The Financial Times proposes to publish a Survey on  
**THE CHANNEL TUNNEL**  
October 5 1987

The following subjects will be covered:

- ★ The Funding
- ★ Eurotunnel, The Company
- ★ Design
- ★ Safety
- ★ Politics
- ★ Regional Impact
- ★ The Traveller
- ★ Cross Channel Trade

A full editorial synopsis and information about advertising can be obtained from:

Fanny Scott

Telephone 01-248 3300 extension 3399

or your usual Financial Times representative

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

DnC

Den norske Creditbank  
U.S. \$150,000,000

Floating Rate Capital Notes due March 1991

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from September 17, 1987 to March 17, 1988 the Notes will carry an interest rate of 8-1/2% p.a. and the Coupon Amount per U.S.\$10,000 nominal of the Notes will be U.S.\$410.76 and per U.S.\$250,000 nominal of the Notes will be U.S.\$1,026.90.

September 17, 1987, London

By: Citibank, N.A. (CSI Dept.), Agent Bank

CITIBANK

U.S. \$100,000,000

BBL (Cayman) Limited

Guaranteed Floating Rate Notes Due 2000

Unconditionally guaranteed by

Bangkok Bank Limited

(Incorporated with limited liability in the Kingdom of Thailand)

Notice is hereby given that the interest payable on the above mentioned Floating Rate Notes will be U.S.\$10,000 nominal of the Notes will be U.S.\$410.76 and per U.S.\$250,000 nominal of the Notes will be U.S.\$1,026.90.

September 17, 1987, London

By: Citibank, N.A. (CSI Dept.), Agent Bank

CITIBANK

**HOLIDAY & TRAVEL ADVERTISING**  
is published on  
**Wednesday & Saturday**  
For details of  
advertising rates,  
contact:

Deirdre Venables  
Financial Times  
10 Cannon Street  
London EC4A 3DF  
Tel: 01-248 8000  
Ext. 3231

Notes To the Holders of

**DART & KRAFT**  
FINANCE NV, ISSUER  
KRAFT, INC., GUARANTOR

Warrants to Purchase Shares of  
Common Stock of Minnesota Mining  
and Manufacturing Company

Exercisable on or before

November 30, 1995

NOTICE IS HEREBY GIVEN that the  
initial number of shares of Common Stock  
of Minnesota Mining and Manufacturing  
Company deliverable upon exercise of the  
Warrants has been adjusted to 20.11 shares  
effective on May 22, 1987 by virtue of the  
two-for-one split of Common Stock of  
Minnesota Mining and Manufacturing  
Company.

KRAFT, INC.

September 8, 1987

Maurice Samuelson continues a series by examining the electricity supply industry's history

## Power poised to return to an older generation's ways



*Privatising*  
**ELECTRICITY**

**new body - the British Electricity Authority - in charge of generation and main transmission, central co-ordination and poli-**

the Conservatives' distaste for state ownership, the nationalisation of the power stations, the grid and electricity showrooms never aroused the same degree of Tory hostility as the nationalisation of the railways, the nationalisation of steelworks, mines, railways and other utilities.

When political controversy did arise, it was usually over such national policy matters as the defence of the oil, coal, oil or nuclear power.

The industry did not entirely escape controversy. The debates, however, were less concerned with questions of the shipbuilding than with issues such as technical and economic performance, or the quality of

The "Lane-Fox" incandescent light in the churchyard at Chesterfield in 1852, portrayed that year in *The Graphic*

The prospect of political reform receded even further when, two years later, Mr. Benn's Conservative successor, Mr. David Howell, announced that there would be no new legislation to reorganise the industry. While acknowledging the need for closer co-ordination within the industry, he said it would be introduced voluntarily within the existing statutory framework.

If the CEEB were reluctantly to surrender control of the national grid, the clock would be turned back to the days of the Central Electricity Board, set up in 1926 to build and operate a grid without owning the power stations. There were many competing power station companies and shared control of distribution.

It remains to be seen whether similar competition could be achieved without reviving the duplications and overcapacity that led to public ownership and central administration in the first place.

## Doubt over waste land reclamation

BY HAZEL DUFFY

**GOVERNMENT GRANTS** for the recovery of derelict land have largely failed to bring economic benefits to particular areas, but have been much more successful in environmental terms, according to a recent

The study of derelict land grant schemes carried out by consultants Roger Tym and Land Use Consultants for the Department of the Environment found that about a third of sites intended for industry or com-

The main reason for land remaining vacant is inadequate demand, with incomplete or inadequate reclamation another, but less important constraint.

**British Aerospace said it was . maintain the Air UK 146 fleet.**

## ANNOUNCEMENT

As a courtesy to  
THE PEOPLE'S REPUBLIC OF CHINA  
and  
THE SHANGHAI MUNICIPAL PEOPLE'S GOVERNMENT  
it is hereby published that:  
SHANGHAI MUNICIPAL CONSTRUCTION ENGINEERING COMPANY  
(SMECO), wholly owned by  
SHANGHAI MUNICIPAL ENGINEERING DESIGN INSTITUTE (SMEDI), of  
Shanghai, China  
and  
I. KRIGER A/S (KRIGER), of Copenhagen, Denmark  
have jointly established:  
SHANGHAI SMEKRU MUNICIPAL ENGINEERING COMPANY LIMITED  
(SMEKRU)  
approved and registered in accordance with the "Law of the People's  
Republic of China on Joint Ventures Using Chinese and Foreign Investment"  
- a singular entity.  
THE SCOPE OF ACTIVITIES OF SMEKRU covers all services in connection  
with municipal engineering projects, such as water supply, domestic and  
industrial waste water treatment, night soil treatment, solid waste treat-  
ment, gas systems, hydraulic engineering, district heating, as well as ge-  
neral management of municipal engineering projects.  
The management of SMEKRU can decide that also projects in the field of infra-  
structure (such as roads, bridges, tunnels, town planning, housing  
schemes and also irrigation) as well as energy projects (such as thermal  
and nuclear power stations) can be undertaken.  
THE AREA FOR THE ACTIVITIES covered by SMEKRU is China and abroad.  
Copenhagen, this day of September 3rd, 1987.

**NOTICE OF PREPAYMENT**  
Colon Franchise des Matras Primaires  
(CFMP)  
100,000,000 United States Dollars  
Retractable Bonds  
Issued on November 19, 1981  
Interest rate: 12.55% p.a. for the period from  
November 19, 1984 through November 18,  
1987

In accordance with paragraph "B" of the terms and conditions of CFMP's option "a" of the terms and conditions of the Bonds, notice is hereby given that CFMP will prepay at par on November 19, 1987 the total amount remaining outstanding of the above-mentioned Bonds (i.e. US\$32,110,000).

Payment of interest due on November 19, 1987 and reimbursement of principal will be made in accordance with the provisions of the Bonds.

Interest will cease to accrue on the Bonds as from November 19, 1987.

Luxembourg, September 17, 1967  
THE FISCAL AGENT  
KREDIETBANK  
S.A. LUXEMBOURGEOISE

---

**THE COPENHAGEN  
COUNTY AUTHORITY  
20,000,000 European Units  
of Account  
8 1/2% 1979/1991 Bonds**

Pursuant to the provisions of the Purchase  
 Fund, notice is hereby given to Bondholders that  
 no Bonds have been purchased during the  
 twelve-month period from September 10, 1966  
 to September 9, 1967. Amount outstanding:  
 UA 18,075,000.

THE COPENHAGEN COUNTY  
 AUTHORITY

September 17, 1967.

**Personal**

**GEORGIAN GRABBY FOR SALE**—Master Construction Industry, P.O. Box 22, SF-79101, Laguna Hills, California. Phone: 324-78-6141, tele. 6325 ext. 47, facsimile 328-78-6763.

## Severn barrage wildlife study

**By Maurice J. Cummings**

**THE SEVERN** barrage, the world's biggest project for generating tidal electricity, yesterday came a step closer to being realised on the Government's announcement of studies into its possible effects on the area's bird and fish life.

Mr Michael Spicer, the minister responsible for renewable energy, announced the £200,000 study programme when he visited the estuary accompanied by officials of the Central Electricity Generating Board and the Severn Tidal Power Group, a consortium of six engineering companies.

The barrage, costing £5.5bn at 1984 prices, would be about 10 miles long and could start contributing up to 5 per cent of the UK's current electricity needs

**Selfridges to have  
Quilter share shop**

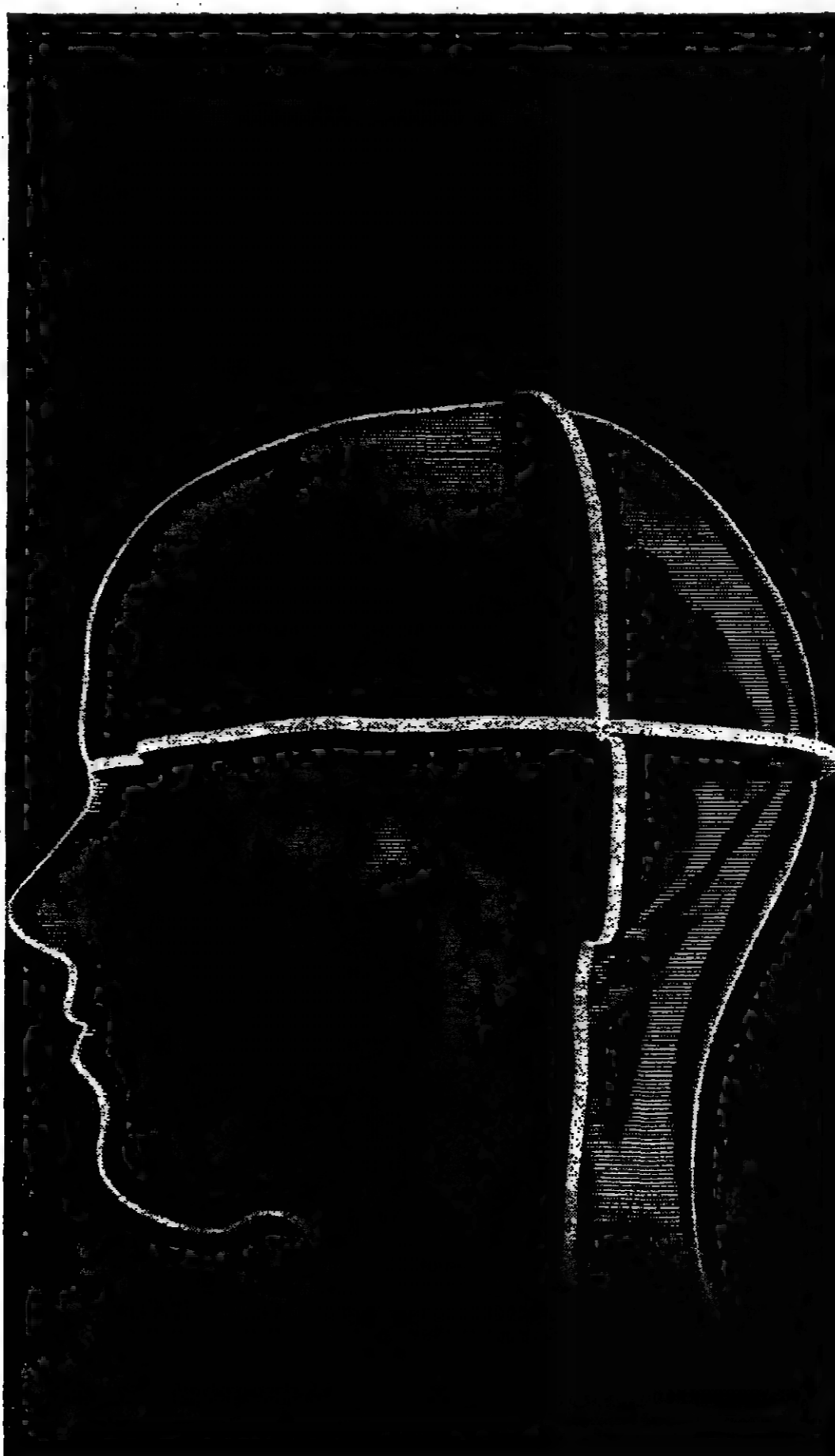
**QUILTER GOODISON**, the stockbroker, yesterday announced the opening of a share shop in Selfridges, the department store in Oxford Street.

The QGC Money Centre is Quilter's third share shop - the others are in Bristol and Truro. It replaces a shop Quilter used to operate in Debenhams, another Oxford Street store, which is now running its own share shops.

**Commissions for using the service will be 1.6 per cent with a minimum of £25.**

**SIEMENS**

# We're giving doctors a head start in diagnosis



You're looking at an impression of an image produced by the Siemens MAGNETOM<sup>®</sup> using magnetic resonance imaging, making it possible to see and identify tissues beyond the capability of other methods.

For X-rays, computed tomography, ultrasound and nuclear medicine we are leading the way to faster, more thorough diagnosis. We are pioneering new treatments with linear accelerators for radiotherapy and sound waves for kidney stone disposal.

Add to this our expertise in heart pacemakers, hearing instruments, operating room and dental equipment, and you'll see that with Siemens you're in safe hands.

**Siemens is one of the world's largest and most innovative electrical and electronics companies, with a clear commitment to providing a consistently high standard of service to our customers - particularly in**

- Medical Engineering
- Factory Automation
- Communication and Information Systems
- Electronic Components
- Telecommunication Networks

In the UK alone we employ around 3000 people in five manufacturing plants, research and development, engineering, service and other customer related activities.

**Siemens Limited, Siemens House**  
Windmill Road, Sunbury-on-Thames  
Middlesex, TW16 7HS  
Telephone: 0932 785691



**MAGNETOM** magnetic resonance

# Innovation

## Technology

# Quality Siemens

# Siemens

# UK NEWS

## Thatcher dents cities' cash hopes

BY IAN HAMILTON FAZEY AND HAZEL DUFFY

NO EXTRA money for the Government's inner cities programme is expected to emerge from the current public expenditure round. Instead, ministers will be told to concentrate on more effective spending of existing money and particularly on projects which directly create jobs.

Mrs Thatcher, making the first of her visits to English inner cities, said in Teesside yesterday: "We are looking at tangle the money better and taking it away from where it is not producing jobs. That could mean less money channelled through the local authorities and more through central government projects."

But she left open the possibility that higher revenues from a buoyant private sector could lead to increased allocations overall in the future.

"The money comes not from government. Government has not got any. The only money we can use is from taxing successful businesses and the people who work in business. Mercifully, business is now doing well."

The Government has already sanctioned around an extra £160m over the next five years for each of the four new urban development corporations, one of them in the Teesside area, in the north-east of England. Mr Nicholas Ridley, Environment Secretary, is anxious to announce a new round of UDCs, for which funding would need to be in place by 1989-90.

The next indication of the Government's plans for the inner cities could come in the form of a policy statement in the autumn. A proposed programme giving priority areas for Government spending is being drawn up by a team of civil servants attempting to co-ordinate the present array of policies. It is expected to be submitted to the cabinet committee on inner cities, chaired by the Prime Minister, in a few weeks.

There were few spectators, and only one demonstration organised by the National Union of Public Employees and the Middlesbrough Communist Party. Some of the "walkabout" phases of the tour had the flavour of a royal progress as she paused to talk to spectators.

Mr Stuart Bell, Labour MP for Middlesbrough, walked through the demonstrators to cries of "traitor" as he went to meet Mrs Thatcher privately. "I'll do more good on this side of the fence than on yours," he retorted, saying that he wanted to impress on the Prime Minister that the Government should work more with the local Labour councils instead of trying to bypass them.

Mrs Thatcher's visit yesterday was carefully stage-managed. She visited industrial wasteland in an area which has been devastated by industrial restructuring and withdrawal, a small "high tech" estate in the Middlesbrough enterprise zone, a private housing develop-

## Steel faces Liberal revolt over policy stances for merger

BY PETER HEDDELL, POLITICAL EDITOR

MR DAVID STEEL, the Liberal Leader, faces a possible rank-and-file revolt at his party assembly this afternoon, about whether central policy stances should be agreed with the Social Democratic Party before a new merged party is set up.



Robert MacLennan: opposed to 'blank cheque'

A sizeable group of Liberals is concerned that a joint statement might include a reference to retaining a British nuclear capability. They have put down an amendment to the motion of merger talks, stating that no policy discussions should take place until after a new party is formed.

Both Mr Steel and Mr Robert MacLennan, the SDP Leader, yesterday made clear their belief that the broad policy stance and identity should be known before a merger. The two leaders and possibly their fellow MPs would issue a joint declaration before members of their two parties vote on a merger early next year.

Both leaders distinguished such a declaration from the preamble on broad policy principles to be included in the constitution of the new party as well as from detailed policies on, for example, weapons systems which would be decided by members of the new party.

Leaders of the pro-merger majority in the SDP regard it as essential to reach such an understanding on defence before a merger decision. If the number of opponents in their party is to be minimised, SDP leaders believe that if the defence

stance is agreed the 42 per cent of party members who opposed merger talks in last month's ballot might be substantially reduced, and Dr David Owen the former party Leader might be isolated.

In a well-received speech Mr MacLennan said it was necessary to define the policy stance to establish the identity of the new party. Hence he did not favour a "blank cheque" approach.

He irritated such Liberal activists when he said the two parties' commitment to selective security in Nato should involve "retaining a nuclear element in Britain's defence capability for the foreseeable future."

Conference report, Page 13

## Coal users confident as dispute looms

BY MAURICE SAMUELSON

ALTHOUGH the then National Coal Board was victorious in the miners' strike of 1984-85, it was frequently upstaged in the public relations war by Mr Arthur Scargill, the National Union of Mineworkers' fast-talking president.

Mr Scargill, who has never conceded defeat over the year-long dispute, has again been winning public relations bouts in the countdown to next week's overtime ban.

But users of coal confidently agree that they are more immune than ever to a new round of industrial action in the pits and that the miners will be the prime victims of any attempt to reopen hostilities.

Sir Robert Haslam, British Coal's chairman, has echoed Mr Scargill's warning that a ban could cut output in the affected areas by up to 20 per cent, slashing revenue by some £10m a week.

This calculation seems to be based on the fact that full overtime ban would prevent production of coal on Mondays, which would be devoted instead to the statutory maintenance work normally carried out at weekends.

Unofficial estimates are less dramatic. Given a possible lack of militancy on the part of many miners, who would stand to lose between £50 and £100 a week in bonuses in the pre-winter months, and the fact that this time the NUM is not threatening to remove safety cover in the pits, the loss of output may be little more than 5 per cent.

Much will depend on the duration of a ban. In the past, prolonged bans have had a cumulative effect. The six-month ban which preceded the 1984-85 strike ultimately reduced output by half, seriously denting customer confidence and inviting a swelling tide of imports.

This time, a ban would come against a backdrop of the most dramatic productivity improvements in the industry's history - a 21 per cent improvement last year alone.

These improvements are likely to continue. Although a ban would inevitably damage British Coal's financial performance this year, it would have to continue right through the winter to torpedo the corporation's hopes of breaking even in the next financial year.

That is because the break-even strategy depends on long-term effects of investment in heavy-duty face equipment and the huge manpower reductions which are now settling at a lower level.

In the meantime, coal sales to the power stations have been healthy, buoyant, thanks to the higher than expected demand for electricity, especially from industry, and the power sector's manoeuvres of the Central Electricity



Arthur Scargill: winning public relations battles

Generating Board's advanced gas-cooled reactor nuclear power stations.

In the CEGB itself, nobody seems to be batting an eyelid about the operational effects of the ban. Coal deliveries have been running at a high level and there is no suggestion of importing more coal or burning more oil.

The power stations hold high stocks: those of the CEGB and its Scottish counterparts have 25m tonnes in their yards, only 5m tonnes below the level just before the 1984-85 strike and equivalent to four months' normal consumption without switching on the oil-fired plants.

There is also a further 7m-8m tonnes of stocks held by British Coal at pitheads and other strategic points around the country.

The CEGB's confidence reflects the experience it gained in surviving the 1984-85 disruption: its belief that the important Nottinghamshire coalfield is more disaffected than ever from Mr Scargill; its ability to switch on its big southern oil stations; and the abundance of cheap foreign coal available for the coal burners on the Thames.

Other coal consumers display similar levels of confidence. Most of our members are sanguine at the moment," says the Chamber of Coal Traders, which handles supplies to the domestic and industrial markets other than the power stations and steelworks.

For British Coal, therefore, it is the image projected by the dispute which hurts most. The confrontation makes a mockery of the claim that there is a new mood of realism in the pits and that the "bad old days" of strikes and unreliability are gone for ever.

Perhaps most important, the looming clash adds force to the pointed observations by the electricity industry that, once it is privatised, it will be free to import as much coal as it wants.

## Crownx offer prompts takeover panel ruling

BY DAVID LASCELLES, BANKING EDITOR

BRITISH & Commonwealth's £545m bid for Mercantile House was thrown into confusion yesterday by a dramatic intervention from Crownx, a leading Canadian financial services company.

Crownx announced a last minute counter-offer for two money broking units of Mercantile House which B&C has already agreed to spin off to Quadrex, a securities company.

Crownx is offering £220m for the units, the same as Quadrex. But in order to win Mercantile shareholders' support, the Canadian company is also offering to pay 10p per share directly to those of them who approve the B&C bid, provided that the broking units are sold to Crownx instead of Quadrex. This raises the total value of its offer to £280m.

The unusual terms - which takeover specialists said were unprecedented - caused a storm in the City of London and forced the Takeover Panel to summon a full meeting today to rule on their legitimacy.

Gary Kleesch, the owner of Quadrex, denounced them as "a bribe" and Samuel Montagu, his merchant bankers, said they were "a grotesque ploy" which would cause mayhem in the takeover market if they were allowed.

Crownx defended them on the grounds that they would bring benefits to Mercantile's shareholders, who might otherwise lose out on the bidding for the

broking units. Kleinwort Benson, who are advising Crownx, met the Panel's executive yesterday to explain the terms. Crownx itself has owned 14.9 per cent of Mercantile since last January.

Panel officials are understood to have made a ruling last night on whether Crownx could proceed. But they did not disclose it. Instead, they will put it to the full Panel for approval today because of the certainty that the losing side would appeal to the Panel anyway. The executive were also dictated by the urgency of the situation. Mercantile shareholders are due to vote on the spin-off agreement with Quadrex next Monday.

Crownx, which is based in Toronto and has interests in financial services, health care and information technology, said it was keen to expand in the international financial markets. It said that Mercantile's money broking units, Marshalls based in London and William Street in New York, represented an attractive opportunity to pursue that strategy.

Crownx's offer has the support of the executives of both Marshalls and William Street who made clear their opposition to the Quadrex deal. If Crownx wins the units, it has pledged to offer up to 40 per cent of the stock to the two companies' management.

Lex, Page 18; Analysis, Page 24

## Building societies plan £10bn merger

BY HUGO DIXON

WOOLWICH Building Society and Gateway Building Society are planning to merge in what would be the second largest society merger ever.

The merger will in effect be a takeover of Gateway, Britain's fifteenth largest society, by Woolwich, the fourth largest. The new society, to be called Woolwich, will continue as the country's fourth largest society with assets of £10.2bn.

Gateway said it was merging because it was too small to compete effectively in today's rapidly changing financial services market. It also expects to derive economies of scale from being part of a larger group.

Societies of the size of Gateway will not be able to offer all

the services the customer wants," Mr Michael Gibbs, its managing director, said.

Recently, societies have been feeling the pinch of competition in the mortgage market from banks and specialist mortgage lenders. At the same time, the smaller societies have not had the human or financial resources to take advantage of the diversification possibilities allowed under last year's Building Societies Act.

At the beginning of this month, the £18bn merger between Nationwide and Anglia building societies was completed. Similar reasons of more effective competition and economies of scale were given for the union.

Analysis, Page 14

send me more

I would like a rising income .....

I would like capital growth .....

(PLEASE TICK ONE BOX ONLY)

## NOW YOU HAVE A THIRD CHOICE.

One that offers you primarily an increasing income as well as the potential of capital growth over the long term. It's an exciting new place for international investors with pound sterling or US dollar lump sums they'd like to invest somewhere more rewarding than a deposit account.

### The Global Income Fund

The word 'Global' is the key to understanding how Barclays Unicorn International will develop this new fund to achieve the dual goals of increasing income and capital growth. Your money will literally be put to work throughout the world drawing upon Barclays extensive financial intelligence network.

### Options kept open

Initially we will concentrate on equities in North America and Western Europe, including the United Kingdom, where income yields are more readily available. Subsequent investments will be made in the Pacific Basin countries, including Australia.

But we will not stop there. In addition to equities we will go into preference shares, government bonds and convertibles in order to enhance income.

Our fund advisor is Barclays de Zoete Wedd Investment Management Limited, which now successfully looks after investors' funds to the value of £12 billion.

### Plus offshore pluses

The fund will be based in the politically stable Isle of Man where there are no domestic taxes on capital profits or on income paid to unitholders outside the Isle of Man. It will be invested by Barclays Unicorn International (Isle of Man) Limited, fund managers with many years of international investment experience.

### Discount offer

During the launch period, which ends on the 23rd September, units will be offered at a fixed price of 50p per unit with a minimum investment of £1,000 or US\$1,500.

And if you invest during this time you will receive a discount in the form of additional units. The discount will be 1% on amounts up to £15,000 or US\$25,000 and 2% on sums above.

The initial annual yield of the fund will be approximately 5% after deduction of any withholding tax which may have been suffered in the country of origin on some of the fund income. Income unitholders will receive distributions half-yearly in March and September, the first such distribution being in March 1988.

Income on accumulation units is automatically reinvested and is reflected in the price of shares on subsequent dealing days. Remember that the price of units, and income from them, can go down as well as up. However, we believe this new fund offers the international investor a unique combination of increasing income and potential for capital growth.

**UP TO 2% DISCOUNT**

**BARCLAYS GLOBAL INCOME FUND**

Lump Sum Investments: 1/ We enclose cheque/draft in your favour for £/US\$ (min £1,000 or US\$1,500). Please invest for me/us in Barclays Global Income Trust accumulation/income units (delete as appropriate or accumulation units will be issued) at the offer price ruling of 50p per share between the 1st September to 23rd September 1987. Note: All payments should be in Sterling or Dollars and payments from non UK bank accounts should be made by bankers draft. Tick box and complete as appropriate.

☐ The certificate should be forwarded to my/our address below.

☐ The certificate should be delivered to .....

for safe keeping on my/our behalf.

1/ We declare that I am/we are over eighteen years of age. For joint applications all must sign.

SIGNED .....

FULL NAMES .....

ADDRESS .....

DATE .....

An initial charge of 5% is made which is included in the offer price of the units. The annual charge of 1.15% of the net asset value of the Trust is deducted weekly from income. In accordance with the terms of the Trust Deed, the managers may increase the annual management charge to 1.4% by giving unitholders three months notice. You can sell back units on any dealing day at a price not less than the redemption price calculated in terms of the Trust Deed under which Barclays Trust Isle of Man Limited is Trustee.

The Barclays Unicorn International (Isle of Man) Limited, (The Managers) 1 Thomas Street, Douglas, Isle of Man. Tel: 027153. Tel No: (0624) 23252

**BARCLAYS**

**BARCLAYS UNICORN INTERNATIONAL**

This fund has not been registered under the Securities Act of 1933 of the United States of America and is not available either directly or indirectly to residents or citizens of the USA or territories or possessions.

**WANT TO STRAIGHTEN OUT YOUR RISING FLEET COSTS?**

**White Arrow**

This guide shows you how it takes you through the whole business of fleet management - defining terminology, outlining options, and explaining the taxation implications of buying and leasing. Send for it. It's invaluable. And free.

**CONTRACT HIRE**

Return the coupon to White Arrow Contract Hire, FREEPOST Lark Hall Road, Worcester WR5 1BR, or telephone (0905) 352513.

☐ Please send me your free comprehensive guide to contract hire

☐ Please arrange for a representative to call

Name .....

Position .....

Company .....

Address .....

Post Code .....

Telephone .....

**American Airlines to the USA from 8 European cities.**

**From London/Gatwick, Manchester, Paris/Orly, Frankfurt, Dusseldorf, Munich, Geneva and Zurich.**

**American Airlines. The American Airline.**

Call your travel agent or nearest American Airlines office.

## MacLennan resists policy 'blank cheque'

SOCIAL DEMOCRATS and Liberals should not give a merged party a blank cheque on policy issues, Mr Robert MacLennan, leader of the SDP, told the Liberal Assembly.

In a speech to an attentive and appreciative audience, Mr MacLennan set out the principles that would give an identity to an embryonic party. Afterwards delegates gave him a standing ovation lasting several minutes.

Even his proclaimed commitment to retaining nuclear weapons in Britain - far from opposing it - was seen as a positive move.

**Reports by  
MICHAEL CASSELL,  
TOM LYNCH and  
RALPH ATKINS  
Picture:  
ALAN HARPER**

posed by some Liberals provoked no hostile reaction. Mr MacLennan accepted that it must be the membership of the new party which decided detailed policy but insisted that the parties sought to address a larger potential audience than existing members.

It is the identity of such a new, national party which will draw in that wider membership," he told delegates. "It is the political stance of that party on the major issues of the day which will set out that identity."

He said, ruled out the "blank cheque" approach to negotiations. "But let me assure you that neither is it my desire to seek definitions and additions down to the last decimal



WORK STUDY: Robert MacLennan preparing his speech

point." Mr MacLennan avoided specific policy topics. Instead he spoke of a party which would tackle social deprivation, be committed to competitive markets and the renewal of Britain's "secretive, centralised and unjust" democracy.

Together, he said, Liberals and Social Democrats would seek to "enrich our country's civilisation" through the arts

and science as well as through material wealth.

"We intend to banish the dark injustices, the blind inhumanity and the unfair discrimination which still scar Britain today."

On defence, he told Liberal delegates: "We must proclaim our commitment as an internationalist to the collective strategy of Nato for defence and disarmament, retaining a nuclear element in Britain's defence ca-

pability for the foreseeable future."

He said Social Democrats remained committed to the principle of one member, one vote. In a half-joking stab at Mr David Steel, he added: "Speaking for myself, one member, one vote carries a far more resonant ring to me than one leader, one veto."

He described himself as a "candid friend" of the Liberal Party who was "determined and

dedicated" to the task of merger. "My task is to serve a third force for the British people - effective because it is unified."

The SDP leader said merger negotiations would include many opportunities for input from members of both parties: "Those of us who seek to lead can only do so if we first listen."

He likened the division and disputes within the Alliance parties since the general election to the swift decline of the Emperor Napoleon.

"It took Napoleon 100 days to progress from a small, warm, comfortable, Mediterranean kingdom to a minute, cold, miserable, Atlantic island prison."

To laughter from delegates, he said this was "very nearly what our two parties did to ourselves during the hundred days since the election."

Yet he believed the parties now had an opportunity to create a new force in politics. "We must set our sights high - both to remain true to those 7m Alliance voters of June and, most critically, to those potential millions more who have, so frustratingly, wished us well, asked only that we get our act together, and not, as yet, given us their votes."

The "creative spark" of the Alliance parties, he believed, was sorely needed in the "dreary politics" of contemporary Britain.

The Labour Party, he said, was part of the "staid establishment" in the UK while the Conservatives were led by Mrs Thatcher, a "deeply flawed leader."

## Tories seen as party of 'monopoly power'

THE CONSERVATIVE claim to be the party of the free market was strongly disputed yesterday by Mr Malcolm Bruce, the Liberal trade and industry spokesman in the Commons.

He told the debate on social and economic divisions in the UK that the Liberals were believers in the free enterprise economy which "is being challenged by the Conservatives because they are distorting it, abusing it and creating monopolies."

"Far from being a government and a party of free enterprise and market forces, it is a party of monopoly centralised power and market distortions which work against freedom of choice and opportunity for the great majority of British people."

Mr Bruce argued that a massive imbalance had developed between London and the rest of the UK. "The concentration of economic power in London is now so great it is frustrating the operation of market forces. London has become a black hole which sucks in talent and resources from all the regions in the rest of the country."

One result of this trend was that London and the home counties were "choking to death," as reflected in high property prices, the erosion of the green belt, the "nightmare" of commuter travel, skill shortages in industry and high office rentals.

Mr Bruce called on Liberals to "challenge the centralised notion that Whitehall and company office know best and the only intelligent decisions will be made in London."

The conference instructed the party's policy committee to develop policies before next year's assembly to counter social and economic divisions between areas of the UK.

## Guardians at the grassroots in no mood for takeover

NO faction within the Liberal Party organisation will be keeping a closer eye on the progress of the forthcoming merger talks with the Social Democrats than the Association of Liberal Councillors.

The ALC, co-ordinating support for nearly 4,000 Alliance councillors around the country, represents the cornerstone of Liberal commitment to community politics and is determined to see that any newly created party is acceptable to "grassroots" opinion.

One of the lingering ironies surrounding the failure of the old Alliance is that while its national leadership struggled unsuccessfully to remain united, relationships at local level managed to exceed the expectations of many party activists.

Ms Margaret Clay, as general secretary of the ALC one of the most influential party activists, says that the question of merger would probably not have arisen but for the united efforts of activists and councillors - Liberal and SDP - around the country. She believes that as many as 95 per cent of Liberal councillors now want the sort of merger which has already become reality at local level.

She is adamant that any deal will not mean the sort of Liberal takeover hinted at by some of her more outspoken colleagues but is equally determined that negotiations must be carried out on a "bottom up" basis involving those Liberals who have apparently made a better job of co-operation than those at the top of the party.

Maggie Clay, a redoubtable organiser and tenacious proponent of local Liberalism in action, stresses that activists will not accept merger at any price. She says that the core values of her party, as expressed in the constitution, must form the basis for any agreement.

Any emerging party, she adds, must have fully democratic structures for developing policy

that are not dominated by any small, centralised caucus.

Initial policies, she emphasises, must also be settled by the membership and not fixed by a negotiating team in a way which so obviously let the Alliance down last time.

The ALC wants to see the immediate establishment of a constitutional commission, comprising one respectable figure from each party, which will gather evidence from around the country to establish a structure for the negotiations and to identify areas for discussion.

The negotiating team, according to the ALC's submissions, should consist of a minimum of

**MICHAEL CASSELL on  
the attitude of the  
Association of Liberal  
Councillors to merger  
negotiations**

12 people, elected by the party council, as well as representatives from Wales and Scotland and others appointed by the national executive.

As for obstacles during the negotiations, Ms Clay told the assembly on Tuesday that there were grave doubts about the SDP's constitution which could give rise to severe difficulties during the talks. Apart from one member, one vote, the SDP was centralised in a way which was alien to Liberals.

Whatever the difficulties, everyone is agreed that speed is essential, not least because of next May's local elections. If a new, united party is not in existence then, the ALC says it will simply get on and make the best of a bad job, although it believes the year-end deadline for the completion of talks can be met.

Policy, it believes, should ideally be hammered out at the new party's first conference next autumn.

## Leadership sets out basis for negotiations with SDP

AFTER a six-hour session which went into the small hours of the morning, the Liberal Party leadership yesterday published the motion which will form the basis for the forthcoming talks with the SDP on the creation of a new political party.

Delegates will vote on the motion today and if, as looks certain, the party gives the

green light to merger talks, the assembly will tomorrow vote to choose members of the negotiating team.

There was some concern among the leadership last night that the team - to be headed by Mr David Steel, the Liberal leader - could prove too large and thereby complicate the talks. Even so, delegates will today be given the chance to opt

for five or eight elected people to complete the negotiating committee.

The assembly will also be able to vote on whether or not it thinks a full party ballot on the merger issue is necessary. In spite of the overwhelming support for merger apparent at Harrogate, the leadership last night appeared uncertain whether delegates would still

want to put it to a vote before talks begin.

The motion calls on delegates to recognise a new political party founded upon the values and principles dear to both Liberals and Social Democrats. It calls also for a "statement of principles", but avoids any reference to the need for discussion on detailed policies before the creation of a new party.

Mr Robert MacLennan, the SDP leader, yesterday defined his own position on the issue by saying the two parties first had to agree principles, to construct a new constitution and, perhaps most critically, also seek to define the policy stance for the new party. The membership, he said, could then be left to debate and decide the detail of policy matter.

## Johnston urges Scottish Assembly elected by PR

THE LABOUR PARTY was yesterday challenged to accept proportional representation as the price of building united pressure from the Opposition parties on the Government to concede a Scottish Assembly.

Sir Russell Johnston, MP for Inverness, Na h-Eileanan Siar and leader of the Scottish Liberal Party, asked: "What does the Labour Party consider to be the most important? To obtain self-government for Scotland - to which it claims to be committed - on an agreed basis or to prevent the introduction of a fair voting system?"

"If the Labour Party said it would accept PR, this would open the way for the Conservatives to reappraise their position without surrendering political power, which is an

unrealistic thing to ask for."

Sir Russell argued that the Government would never concede an assembly under present electoral rules, which would ensure the Labour Party's dominance. If Labour accepted PR for elections to the assembly, Labour would not be able to expect an overall majority with the 42 per cent of the vote which won the party 50 of Scotland's 73 parliamentary seats in the general election.

The conference passed unanimously a motion reaffirming "its long-standing commitment to the establishment of a Scottish Parliament, elected by proportional representation, with responsibility for all domestic affairs and services in Scotland and with major economic and revenue-raising powers."

## School policy condemned

A NATIONAL campaign by Liberals against the Government's proposed education reforms was promised by Mr Paddy Ashdown, the Liberal education spokesman in parliament.

He told the conference that a campaign involving MPs and councillors would be launched

in November against the Education Bill, which allows schools to opt out of local authority control.

The assembly unanimously passed a motion condemning the Government's "clear intention to carry through reforms damaging to any children."

## Fleet decline 'could lower war threshold'

THE DECLINE of the British merchant shipping fleet could lower the nuclear threshold in time of war, Mr Simon McGrath (Holborn and St Pancras) told the assembly.

During a debate on shipping and shipbuilding, he said the Government had failed to learn the lessons of two world wars, when the major threat to Britain's survival came during the battles to keep the supply lines across the Atlantic open.

Instead, the Government has brought about a situation where the country could be severely threatened by the sinking of a relatively small number of ships, thus bringing forward the possible use of nuclear weapons.

Mr Jim Wallace, the MP for Orkney and Shetland, said: "By refusing to intervene, the Government might be said to be guilty of unilaterally cutting one major defence element."

The conference adopted a motion calling for action to support shipping and shipbuilding, including a scrap-and-build policy, pressing for an end to subsidised competition and insisting that ships built with taxpayers' money be built in British shipyards.

## Party-to-be searches for fresh message and a messenger

THE LIBERAL Assembly has been so preoccupied with the mechanics of setting up a new party, that comparatively little thought has been given to selling it to the electorate. Yet after the rows of the past three months the idea of the Alliance as a partnership of principle is clearly discredited.

A relaunch will be needed to create momentum and credibility among existing members of both parties and potential new supporters. It is a matter of Mr Robert MacLennan, the SDP leader, yesterday described as its identity.

It involves defining a position in the political spectrum in the face of a probable squeeze from the Tories and a changing Labour Party. How much is it a question of trying to replace Labour as an alternative to the Tories, as most Liberals argue, or of creating a strong third force, as Dr David Owen previously saw the SDP's role in politics?

The need to create a distinctive identity is part of the wider debate about how to respond to Thatcherism. Mr David Steel will give some pointers in his leader's speech tomorrow afternoon. A preview was given during Tuesday's strategy debate by Mr Richard Holme, his political adviser. He talked of an approach involving a "better individualism" than that offered by the Tories.

This would involve an emphasis on more competition and higher standards in public services together with a stronger enforcement of anti-monopoly policy in the private sector. There seems to be competition among the opposition parties about who can appear more as the consumer's friend in the wake of the British Telecom row.

But can a fresh message be put across without a new mes-



Alan Beith: Doubts on charisma

senger? There have been rumblings among a number of Liberals that after 11 years and the failures of the general election campaign it is time for Mr Steel to stand down. But this is a minority viewpoint.

**PETER RIDDELL on  
the challenges facing a  
merged party**

Mr Steel certainly has his critics as a result of his lacklustre election campaign and absence of interest in the details of politics. Yet, now freed from the shadow of Dr Owen, he is in self-confident and lively form. In the short term there appears to be no alternative leader who might avoid potentially serious divisions in the new party.

Mr Steel has been non-committal about the leadership of the new party. Yet his friends suspect he would be willing to serve, at least for long enough to lead the party off the ground. They believe, however, that he

wants to leave open the question of whether he would remain up to the next election until he has seen how the party is doing in a year or two's time.

The obvious alternative would be Mr Paddy Ashdown, but he would be unacceptable in the short term to many in the SDP in view of his previous views on nuclear defence policy.

An Ashdown candidacy might deter undecideds in the SDP from joining the new party. Mr Ashdown is also far from universally popular among Liberals, notably the party's MPs, some of whom have regarded him as erratic. A warning by fellow MP Mr Alex Carlisle against anyone staking a claim to the leadership was clearly aimed in his direction.

If there is a leadership contest, presumably Mr Alan Beith, the party's deputy parliamentary leader, and Mr Malcolm Bruce might stand. Mr Beith is one of those consistently underrated people of good judgment who would prosper in government.

As the campaign put it: "When he handed out the charisma, Alan was in the bar having an orange juice."

Mr Bruce, who only entered the Commons in 1983, has some following, but has yet to show the necessary depth for a leader. Mr Robert MacLennan does not look a possible leader for all the respect he has gained in both parties as a caretaker.

However, Mr Charles Kennedy has impressed many by his political judgment over the summer and his conference speeches. At 27 he has plenty of time on his side. One party leader half-jokingly suggested that the leadership was clear within the next century - Steel, Ashdown, then Kennedy. That, of course, assumes that the party finds a role and voters to sustain it that long.



## A great deal for our customers means a good deal for our investors.

During the first half of 1987 we have continued to give consumers billions of moments of pleasure with our hundreds of brands of quality biscuits, snacks and other foods.

And, as our half year results show, what's good for our customers is also good for our shareholders.

Our pre-tax profit at £59 million is 24% higher than for the same period in 1986 and earnings per share have risen from 7.8p to 9.5p. We have declared an interim dividend of 4p a share - a 0.5p increase over last year's interim.

Group trading profit is 21% higher at £65 million, due primarily to excellent performances from all the operations of our UB Foods Europe division. Our biscuit and snack operations in both the UK and continental Europe were particularly buoyant, both in market share and profit achievements.

In the UB Foods US division it is encouraging that Keebler's trading profit in dollar terms increased

by 20% to \$29m. However the weakness of the dollar compared with the same period last year had a £1.5m adverse effect on the division's sterling trading profit, restricting the increase to £1.2m or 6%.

In our restaurant division Wimpy's trading profit was almost doubled at £3.0m but this was offset by a loss from Pizzaland of £0.7m. Including the results of the overseas operations, the restaurant division's profit fell by £0.4m to £2.0m. Remedial action at Pizzaland, including management changes, has been taken and this is beginning to benefit the second half year.

Across the group, trading continues to be buoyant and we are confident that once again a highly satisfactory profit for the year will be achieved.

Our policy of creating and building better brands is continuing to help us build stronger and more profitable businesses. As well as bringing many more moments of pleasure to our consumers.



## United Biscuits

United Biscuits (Holdings) plc., Grant House, PO Box 40, Syon Lane, Isleworth, Middlesex TW7 5NN.

## UK NEWS

## Deprived areas fear loss of EC regional funds

BY QUENTIN FEEL IN STRASSBOURG

BRITISH regions look set to do badly in future distribution of cash from the European Community regional fund. That is because of the entry of Spain, Portugal and a planned change in the formula for calculating regional deprivation.

Hardest hit may be the Highlands and Islands of Scotland, which might be cut off from all access to the regional fund.

The Highlands and Islands Development Board has mounted a lobbying effort in the European Commission in July to ensure that one of the remotest and most sparsely populated regions of the Community is included for grant aid from Brussels.

All the UK regions face a squeeze under proposed rules for the 1988 Regional Fund, which would allocate 80 per cent of the money to the poorest regions, and only 20 per cent for those suffering from industrial decline and long-term unemployment - the category under which most British regions would hope to benefit.

That plan put forward by the European Commission in July is being strenuously resisted by the British Government and representatives from the industrial north, who foresee a high proportion of the funds going to the southern states.

At the same time, the last EC list classifying regions accord-

## CBI puts priority on competitive production

By Hazel Duffy

THE Confederation of British Industry is planning to take a more positive, forward-looking role in securing an environment in which British business can prosper.

High among priorities of the new strategy approved yesterday by its council will be the promotion of an internationally competitive manufacturing base.

Sir Trevor Holdsworth, deputy president, will present the CBI's manufacturing strategy to the meeting of the National Economic Development Council next month.

The emphasis is on future, however, will be less on lobbying the Government to do things than on putting the responsibility on commerce and industry to take advantage of currently buoyant economic conditions.

Sir David Nickson, president, admitted that if the CBI did not come up with a more forward-looking and positive role, it would be "left behind on the beach."

Mr John Banham, director general, said: "We see the Government as basically benign, friendly and looking for help. And we are anxious to give that help."

Mr Banham, who took up his post in the spring, has had to modify his original proposals to include a much greater emphasis on manufacturing, to push members to inject a more international, and particularly European, dimension into their activities, and to pledge the CBI to continue the fight for reduction in industry's energy costs.

Details of the strategy, however, are vague. It seems likely to be more a presentational change that recognises that the CBI endorses the policies of the present Government and will gain more respect from ministers by projecting itself positively.

Extensive consultation of members has shown they want the CBI to:

- Keep the costs of legislation and regulation on business under control by reinforcing its capability to influence the Government and the European Community - a current example is the pressure the CBI is putting on the Government to reduce business rates, by withdrawing its support for the community charge proposals.
- Promote a manufacturing base to complement the developing strengths of the service sector.
- Propose specific steps to remove the competitive handicaps outside the control of individual businesses, particularly in the education system, where the CBI wants to act as a partner.

## Terry Dodsworth looks at the argument over British Telecom's choice of chairman

## The worries about BT's internal wiring

THE CRISIS over British Telecom's choice of chairman has arisen so abruptly over the past few months that what might have been a routine choice of a new chairman has suddenly become a national issue.

Mr John Vallance, moving into the hot seat after a lifetime with the group, has been made painfully aware that he will be under relentless scrutiny for some time to come. He must be equally aware by now that most of the British managerial establishment thinks he is the wrong man for the job.

The case against Mr Vallance, in very general terms, is that he is an outsider who will come to the group with fresh ideas. The company has all the specialist knowledge it could possibly need, the argument goes. But it could do with a shake-up, it must clear up its public image, and could use a manager with the vision to grasp the exceptional opportunities opening up in telecommunications.

In a letter to *The Times* this week, Mr John Raiman, deputy chairman-elect, made clear that the board was equally concerned about what he called the "pressing nature of the problems facing BT."

But that challenge, he said, had brought the board to the opposite conclusion - that an outsider would have had "to surmount an extremely steep learning curve about a complex business, and that the time was not really available."

Mr Raiman also makes the point that the board felt it was important to appoint a chairman who could "command the

loyalty and respect of the staff - an issue that is frequently mentioned by other senior managers. But the point about the learning curve is probably the most important because it is one on which other senior executives and consultants disagree strongly.

"Absolute rubbish," is how one chairman of a nationalised group described it this week.

The consensus view among managers is that, at the level of chairman, the issues from company to company are very much the same. In other words, if the executive is senior enough, the "learning" involved in a new company will not be particularly difficult.

"You don't need to know how to put in a new telephone line to be chairman of BT," as the chairman of another company put it. "But you do need to know how to put in a new telephone line in an organisation, how to deal with the City, and how to deal with the outside world in a way that will be taken seriously."

For most senior managers, the issue at BT is not so much one of its technology, and whether or not it is difficult to learn, but the judgment of exactly what sort of crisis has hit it. Is the company basically sound, or is it suffering only from a short-term difficulty inherited from the strike earlier this year? Or is it being shaken by more fundamental ailments?

Many executives say that if it is the former, there is no need to go outside to recruit. "I think you should promote from inside generally if the company is in good shape, morale is high, and you have the talent," as Sir

Michael Edwards, the former chairman of British Leyland, puts it.

If, on the other hand, the company does have more deep-seated troubles, promotion from inside is dangerous. Many big household-name companies, of course, promote exclusively from inside - groups such as Imperial Chemical Industries and Unilever in the UK, and General Electric and General Motors in the US. They appear to have developed the knack of generating new chairmen who are both sensitive to the culture of their companies and capable of changing it.

But, says Mr John Courtis, chairman of Decca, a paper napkin company, and the head of an executive search group: "Unless a company breeds excellence, intellectually, ethically and managerially, it is very dangerous for people to come up from inside."

One of the difficulties in judging the appropriate action at BT is that it is not easy to say whether it is a company in great difficulty or not. It makes huge profits, criticism of its services was muted until recently, and comparisons with overseas telecommunications groups are notoriously difficult.

Even so, the consensus is that BT should have gone outside for its next chairman, broadly on the following grounds.

First, those executives who have come in contact with the group believe it has become deeply inefficient. "If any organisation in Britain needs a breath of fresh air it is that one," says one chairman who has had to negotiate with BT executives in the past.

"I see many of the group's middle managers," says an executive search director. "They tend to be badly demoralised and in need of new direction."

Second, it is widely argued that BT's problems are less to do with equipment and hardware than with people - motivating a bureaucracy that needs to turn itself into a responsive business.

Third, it is pointed out that it is the perception of BT that counts particularly at the moment, and genuine evidence of change would be helpful.

Finally, there is the view that a change would have been good simply because it would bring



John Vallance: moving into the hot seat after a lifetime at BT

with it a new look at the company from someone without preconceptions of what it was, and without the baggage of commitments that insiders tend to carry with them into the top job.

Mr Stephen Rowlinson, UK head of Korn Ferry, the world's largest executive search group, says that surveys by his company show a steadily increasing number of chairmen and chief executives being hired from outside. "We see a close parallel with the way that Prime Ministers are rotated," he says. "You do it for its own sake: you are saying that it is much healthier if someone looks at things afresh."

## Small life brokers 'face cut in income'

BY NICK BUNKER

SMALL, INDEPENDENT life assurance intermediaries face a cut of up to 55 per cent in net income because of rules introduced under the Financial Services Act. However, most have decided that long-term prospects make it worthwhile to stay in business as independent advisers even after the act is fully in force next year, says a study commissioned by the Office of Fair Trading. The study found that of 80 intermediaries questioned, only 10 per cent had decided to stop giving independent advice. Only 25 per cent said they planned to become agents tied to individual life companies.

The study, published yesterday, was by Arthur Young, a management consultancy, and commissioned by the OFT in July as part of its scrutiny of the possible anti-competitive effects of the act and of the draft rules proposed by the savings industry's new self-regulatory organisations.

Sir Gordon Borrie, OFT director-general, said the act would be significantly anti-competitive because small independent advisers might be forced out of business, reducing the amount of unbiased investment advice available.

The study found that, on average, small intermediaries themselves expected net income to drop by 8 per cent. That would

be due to the extra cost of complying with new rules proposed by the Financial Intermediaries' Managers and Brokers Regulatory Association and to the impact of a commission scale proposed by the Life Assurance and Unit Trust Regulatory Organisation.

However, an Arthur Young computer model showed that the two factors combined might actually produce a drop of between 28 per cent and 55 per cent in small intermediaries' net income, depending on how the commission agreement is applied.

For example, a one-man intermediary firm with net income now of £17,633 could expect that to fall to £12,670 in the first year after the act is fully implemented and to £7,431 in the fourth year. That assumes that the new commission agreement allows for so-called indemnity terms whereby life companies would pay several years' commissions in advance.

Sir Gordon said he was anxious to receive comments on the study in view of the discrepancy between the computer model and intermediaries' own income forecasts.

**Study of Insurance Intermediaries' Costs: Office of Fair Trading, Room 517, Chancery House, Chancery Lane, London WC2A 1SP; £15.50.**

## Irish want EC watch at Sellafield

By Maurice Samuels

THE IRISH GOVERNMENT, which opposes nuclear power stations and has urged Britain to close the reprocessing centre at Sellafield, Cumbria, yesterday said it wanted the European Community to set up a team of scientists to inspect the site.

The call was made in London by Mr Ray Burke, the Irish Energy Minister, after telling his UK opposite number, Mr Cecil Parkinson, that the Irish people and Government were deeply worried about Britain's nuclear programme and the level of pollution in the Irish Sea caused by Sellafield.

In my 20 years in public life in Ireland I have never encountered an issue which arouses such strong public feelings," said Mr Burke, who added that Dublin was closer to Sellafield than to Galway.

In their 40-minute meeting, Mr Burke expressed particular concern at the news that British Nuclear Fuels was considering creating tunnels under the North Sea to store nuclear waste. He urged Mr Parkinson to prevent "this time-bomb under the sea".

Mr Parkinson replied that BNFL was investing heavily in cleaning up Sellafield and that the sub-sea caverns were only one of several options being examined by the British nuclear industry for storing waste.

## Companies launch space venture

BY MICHAEL DOWNE, AEROSPACE CORRESPONDENT

COMPANIES in the UK space industry have set up a specialist organisation, Space Ventures, as a private company to promote the overall concept of continued British activity in this expanding area of advanced technology.

The initiative, announced yesterday, has been taken by the UK Industrial Space Committee, a joint body comprising member companies of the Society of British Aerospace Companies (SBAC) and the Electronics Engineering Association (EEA).

The first subscribers are British Aerospace, Logica, Smith Associates and Westland Aerospace but many others among the 400 companies involved in

all forms of space research and development in the UK are expected to join later.

The new company will not develop space hardware. That will be left to the member companies and others in the aerospace and associated industries.

It will, however, act as a co-ordinating voice in all UK industrial space matters, keep the Government and other interested bodies informed of UK capabilities in space, lobby for increased government support for industrial space programmes, gather and disseminate information about space ventures and stimulate overseas markets for UK space hardware.

Formation of the company follows

concern in the UK space industry at recent government decisions to restrict financial support for space activities before November's critical meeting of the European Space Agency, at which decisions on future international space programmes will be taken.

The UK Industrial Space Committee is lobbying for a significant improvement in government cash support for space. It argues that just to continue the present rate of funding, about £16m a year, will result in the UK falling behind other leading European countries.

Increasing the national expenditure to about £250m a year over the next three years will only just maintain the UK's cur-

rent position in European Space Agency international programmes.

On the other hand, says the committee, raising the budget to £300m a year, or about 4 per cent of the total government research and development budget, will enable the space industry to fulfil several important objectives.

They include participation in the US manned space station programme, the development of the Ariane V satellite launch vehicle and the development of the next generation of low-cost space launchers, such as the British Aerospace/Rolls-Royce Hotel (horizontal take-off and landing vehicle).

## Agreement sought by water chiefs

By Richard Evans

THE CHAIRMEN of the water authorities in England and Wales who are divided over the Government's controversial plans for privatising the industry, are to launch a fresh attempt to reach agreement.

A council meeting of the Water Authorities Association in London yesterday underlined the gulf between Mr Roy Watts, chairman of Thames, who is highly critical of the Government's plans, and Mr John Bell, chairman of Severn-Trent, who supports them in principle.

In the middle, although tending more towards Mr Watts' hostile stance, are the chairmen of the remaining eight authorities. All are due to be privatised in 1989-90.

A draft response to the proposal of Mr Nicholas Ridley, Environment Secretary, to set up a state-controlled quango, the National Rivers Authority, to take over the regulatory and water management powers of the authorities, is to be rewritten in an attempt to reach a consensus.

The final WAA document will be presented to the Environment Department by October 15. The deadline for responses to the Government's proposals.

## Boost for new TV channel hopes

BY RAYMOND SHOOTY

THE SUCCESSFUL launch of the European space rocket Ariane on Tuesday clears the way for a five-company British consortium to launch two channels of television next year.

The companies - Carlton Communications, Dixons, Seatchi & Seatchi, Thames Television and London Weekend Television - have been working on a £30m plan to launch two channels of

commercial television to cover western Europe.

The general entertainment service would be transmitted by Astra, the Luxembourg-based private-sector satellite due to be launched on Ariane next September.

The aim is to operate the channels, which could be re-

ceived by cable television networks and individuals using dish aerials, a full year ahead of BBC's £225m direct broadcasting by satellite project.

Mr Michael Green, chairman of Carlton, the television services company, said yesterday: "We are wildly enthusiastic about the fact that Ariane has been successful. We are on

schedule to be up and running within 12 months." Mr Green was speaking after a board meeting of the five consortium members.

Although no final commitment to the project has been made, the successful resumption of Ariane launches clears a big obstacle, making it more likely that the television channels will become operational.

## Rules on export guarantees to be revised

BY ANDREW TAYLOR

AN OVERHAUL of the rules under which British exporters are insured against non-payment for goods and services exported, was announced yesterday by the Export Credits Guarantee Department (ECGD). The total sums affected are more than £50n.

The department wants to introduce more flexibility into

the arrangements that determine premiums according to which country goods and services are exported.

It says the identity of individual purchasers should also be taken into consideration when assessing premiums.

Mr Don Twyford, the department's director responsible for

underwriting overseas business, told an international conference of civil engineers in London yesterday that substantial discounts were already offered to "good buyers" in OECD countries.

The department wanted to extend those arrangements to other countries including those

generally regarded as higher credit risks, he said, and it was also examining its rules restricting the level of foreign content in British contracts covered by ECGD insurance.

The department felt a more sensitive approach was required.

## British Gas placates watchdog

By Lucy Kellaway

OFFICE of Gas Supply, the gas regulatory body, yesterday formally made its peace with British Gas by announcing that it was satisfied with the additional information given to it in support of the 45 per cent reduction in domestic gas prices announced in June.

Last month British Gas backed down in its dispute with Ofgas over the disclosure of information on forecast gas costs which it had declared it was not obliged to disclose. Ofgas, which had argued that possession of the forecasts was vital to enable it to regulate the monopoly, was poised to refer the matter to the Monopolies and Mergers Commission unless the information was provided.

James McKinnon, director general of Ofgas, said yesterday that after studying the information he was "satisfied that the forecasts had been properly prepared on a consistent basis under the terms of the authorisation granted to the company as a private supplier of gas."

According to the British Gas licence, Ofgas must approve all changes of domestic gas prices and ensure they accord with the fixed formula relating prices to changes in gas costs. Ofgas had withheld its approval of the new tariffs on the ground that without the forecasts it could not assess whether the formula had been correctly applied.

## Investment in unit trusts remains high

By Eric Short

THE INVESTMENT boom in unit trusts did not slacken at the end of last year, according to figures issued yesterday by the Unit Trust Association.

It had been expected that sales would fall sharply for two reasons. Experience in previous years has shown that August is a quiet period for investment generally and unit trusts in particular.

Secondly, stock markets worldwide last month fell from their previous high levels and past experience has shown that investors lose interest in falling markets.

The association's figures show the effect of such falling markets. The total value of funds under management with

the unit trust industry slipped from £47.9bn at the end of last year to £47.5bn at the end of January, according to figures issued yesterday by the Unit Trust Association.

But neither the holiday period nor the stock market decline deterred investors. The number of unit-holder accounts rose by a record 187,000 to 4.42m, while total sales of units amounted to £1.34bn - the second highest monthly sales figure, exceeded only by the £1.57bn sales in July. Last month's sales were almost double those of August last year.

Sales exceeding £1bn have now been achieved in every month this year. Total unit sales this year amount to £10.2bn against £8.6bn for the whole of last year.

In my 20 years in public life in Ireland I have never encountered an issue which arouses such strong public feelings," said Mr Burke, who added that Dublin was closer to Sellafield than to Galway.

In their 40-minute meeting, Mr Burke expressed particular concern at the news that British Nuclear Fuels was considering creating tunnels under the North Sea to store nuclear waste. He urged Mr Parkinson to prevent "this time-bomb under the sea".

Mr Parkinson replied that BNFL was investing heavily in cleaning up Sellafield and that the sub-sea caverns were only one of several options being examined by the British nuclear industry for storing waste.

THE SUCCESSFUL launch of the European space rocket Ariane on Tuesday clears the way for a five-company British consortium to launch two channels of television next year.

The companies - Carlton Communications, Dixons, Seatchi & Seatchi, Thames Television and London Weekend Television - have been working on a £30m plan to launch two channels of

commercial television to cover western Europe.

The general entertainment service would be transmitted by Astra, the Luxembourg-based private-sector satellite due to be launched on Ariane next September.

The aim is to operate the channels, which could be re-

ceived by cable television networks and individuals using dish aerials, a full year ahead of BBC's £225m direct broadcasting by satellite project.

Mr Michael Green, chairman of Carlton, the television services company, said yesterday: "We are wildly enthusiastic about the fact that Ariane has been successful. We are on

schedule to be up and running within 12 months." Mr Green was speaking after a board meeting of the five consortium members.

Although no final commitment to the project has been made, the successful resumption of Ariane launches clears a big obstacle, making it more likely that the television channels will become operational.

## Hugo Dixon reports on the pressures faced by medium-sized societies

## Gateway builds a larger future

GATEWAY Building Society's proposed merger with the Woolwich, announced yesterday, may signal the end of the medium-sized building society.

Gateway, which ranks 15th in the industry with assets of £1.8bn, would not disintegrate if it failed to merge. It has adequate reserves and profitability and could have continued in its traditional business of raising funds from retail investors and making home loans.

However, as Mr Michael Gibbs, managing director of Gateway, said yesterday: "Societies of the size of Gateway will not be able to offer all the services the customer wants."

The environment in which societies operate has become much more competitive in recent years, as banks and specialist mortgage lenders have moved into the mortgage market, aggressively taking away market share. At the same time, under last year's Building Societies Act, societies have been allowed to diversify their activities out of their traditional markets.

The difficulty is that, except for the very largest, societies have lacked either the managerial or financial resources to take part in the diversification. The smaller societies are therefore being squeezed both by banks and by larger societies, which are offering more attractive packages.

In particular, few have been able to move into estate agency,

which is now an important financial services business, to offer a full range of banking services, such as cheque books and interest-paying current accounts, or to take advantage of electronic technology.

In the face of that challenge, the societies have three options. They can stick to their traditional business and watch their market share shrink and miss out on the future; they can convert, from next year, from being a mutual society to a public company by selling themselves to the highest bidder, perhaps a Japanese or American bank; or they can merge with another larger society.

Gateway has chosen the latter

option. After merging with Woolwich, already the fourth largest society, Gateway will be part of a group with £10.8bn in assets.

An indication of the economies of scale to be had in the industry can be seen by comparing the profitability of the two societies. In 1986, Woolwich's post-tax profits were the equivalent of 0.95 per cent of its assets while the figure for Gateway was only 0.59 per cent.

Both societies now hope for further economies from the merger. In particular, they argue that as a single unit they will need to spend less money on marketing (a prime source of expenditure), will get more val-

ue for money from their computer expenditure and will be able to raise funds more cheaply on wholesale financial markets.

They also hope to save on overheads by eliminating 30 or so branches where the two societies overlap. Some of those will be sold and others will be converted into branches of Woolwich's new estate agency network.

Mr Donald Kirkham, Woolwich's chief executive, refused to put a figure on the cost savings he hoped would result from the merger. He said, however, that he expected them to come through over two to four years.

If there are all these economies of scale, why stop at £10.8bn? Could not Woolwich become an even more effective force in the retail financial services market by merging with other societies?

That is certainly the view taken by Mr Bob Moffat, marketing manager at Nationwide Anglia, a society with £18.3bn in assets recently formed by the largest ever merger in the industry. He thinks Woolwich will still be too small to make an impact.

Woolwich itself tacitly accepts that. Mr Kirkham said it was "ready and waiting" for approaches from other smaller societies. After the Gateway merger, Woolwich will have about 7.5 per cent of the market. In the past, it has said it would like 10 per cent.

## BA acquires US computer company

BRITISH AIRWAYS has bought Bedford Associates, a computing consultancy of Nowalk, Connecticut, for \$6m (£4.5m) plus \$15m payable over four years depending on performance.

The company specialises in the design, development and operation of high-performance software systems. It will retain its identity but function as a subsidiary of BA.

## OBITUARY

## Lord Soames: Tory statesman

LORD SOAMES, the Conservative peer whose career in politics spanned more than 30 years from the time of Winston Churchill to the era of Margaret Thatcher, died peacefully at his Hampshire home yesterday aged 66.

He held many high offices of state and was at one time widely tipped as a future prime minister. Throughout his public life he suffered many reversals of fortune. Lord Soames's crowning achievement late in life was his leading part in solving the Rhodesian crisis and as Governor of Southern Rhodesia, from 1973 until 1980, negotiating the independence agreement together with Lord Carrington, then Foreign Secretary.

A man big in stature, Christopher Soames was an outside personality in all respects. He was bluff and genial but also blunt and outspoken - characteristics that led to accusations of arrogance from critics.

He was Conservative MP for Bedford from 1950 until he lost in 1958. He never regained a seat in the Commons and was made a life peer in 1978.

Educated at Eton and Sandhurst, he was commissioned in the Coldstream Guards and served in the Second World War. In 1947 he married Mary Churchill, the daughter of Sir Winston Churchill. He was parliamentary private secretary to Churchill from 1952 to 1955.

During Churchill's illness a

heavy administrative burden fell on him and he was a considerable power behind the Prime Minister. He was disappointed to be given the relatively junior post of Under Secretary at the Air Ministry when Eden entered the Conservative governments he was Secretary of State for War and Minister of Agriculture.

He was a great success as ambassador in Paris from 1968 to 1972, where he helped to prepare Britain's entry into the Common Market. He had an equally successful period as vice president of the EC Commission from 1973 until 1977. He also held the post of Lord President of the Council and Leader of the Lords from 1971 until 1981.

THE SUCCESSFUL launch of the European space rocket Ariane on Tuesday clears the way for a five-company British consortium to launch two channels of television next year.

The companies - Carlton Communications, Dixons, Seatchi & Seatchi, Thames Television and London Weekend Television - have been working on a £30m plan to launch two channels of

commercial television to cover western Europe.

The general entertainment service would be transmitted by Astra, the Luxembourg-based private-sector satellite due to be launched on Ariane next September.

The aim is to operate the channels, which could be re-

ceived by cable television networks and individuals using dish aerials, a full year ahead of BBC's £225m direct broadcasting by satellite project.

Mr Michael Green, chairman of Carlton, the television services company, said yesterday: "We are wildly enthusiastic about the fact that Ariane has been successful. We are on

schedule to be up and running within 12 months." Mr Green was speaking after a board meeting of the five consortium members.

Although no final commitment to the project has been made, the successful resumption of Ariane launches clears a big obstacle, making it more likely that the television channels will become operational.



## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY  
 Telegrams: Finantimo, London PS4. Telex: 8954871  
 Telephone: 01-248 8000

Thursday September 17 1987

## Not just the Nice Party

THE Liberal Party assembly in Harrogate will decide today whether or not to enter formal negotiations with the Social Democrats with a view to forming a new merged party.

To judge by the assembly proceedings so far, and the reception given to Mr Robert Maclean, the new Social Democratic leader yesterday, the vote will go overwhelmingly in favour and without the need for the Liberals to take a ballot of their entire membership. The new party could come into being by the early spring of next year and in time to fight the local elections in May.

## Ambitious speeches

Not surprisingly, the Liberals in Harrogate are in pretty confident mood. Not for them the agonising of the Social Democrats in Portsmouth who did not know why they were being bounced into such developments and were unclear whether their leader was deserting them or whether they were deserting him. Everything presently is going the Liberal way. Some of them do not even mind dropping the party's name, for Mr Gladstone in the last century is somewhat tenuous. The Liberals as they are known today are a party that took off with a number of by-election successes in the late 1950s and has been doing much the same ever since, promising a lot and achieving relatively little. It is time, as they say, for a new start. Or rather, a new "new start". Over the years there have been

new starts galore. The formation of the SDP was one of them. So was its subsequent alliance with the Liberals. So, too, were the ambitious speeches by a succession of Liberal leaders ranging from Lord Grimond to Mr Steel who has held office for more than a decade and must regard the latest developments as his last chance for a breakthrough.

The history of the modern Liberal Party is riddled with clichés. Once held phrases like "The Sound of Guns" or "Preparing for Government" have come to rebound upon their authors. Yet perhaps Mr Steel is right. If the time had not quite come for the merger, it may be coming soon and the best way to prepare for it is to have the new party in place as quickly as possible. Certainly there is a sizeable part of the British vote which is neither pro Tory nor pro Labour and which could go another party with a chance of winning.

However, there are reservations. The debate in Harrogate has been conducted without much reference to the wider world. It is not at all clear what the new party will stand for nor whom it will represent. It may be said, indeed is being said, that these are matters for later resolution. Yet they are quite important. The new party cannot simply be the nice party. The way that Mr Steel, Dr Owen and some of their colleagues have put their knives into each other in the last few weeks, suggests that it may not even be that. The new grouping needs a constituency which has not yet been identified.

It also needs to lift its sights. The next General Election will almost certainly be fought without electoral reforms. That means that it is not good enough to be a third force. The new party will have to set out to come second if not to win. That means attacking the Labour Party in a manner that the Liberals have seldom done. If the new party does not have the guts to do this, it will deserve to go on in the quiet old Liberal way.

The final reservation concerns Mr Steel. Does he intend to lead the new party that he is bringing into being? Or is this, in Mr Maclean's phrase two weeks ago, midsummer madness? Mr Steel should make his intentions clearer in his closing speech to the assembly tomorrow.

Over the years there have been

## Guy de Jonquieres talks to the EC Commission's new secretary-general

IT SAYS a lot about the way decisions are taken in the European Community that David Williamson, the Whitehall mandarin who is to become secretary-general of the EC Commission, was kept guessing right up to the last moment whether his appointment would actually be approved yesterday by the Commission's 16 members.

Farm and budget policies apart, few Community issues excite such intense nationalistic passion or give rise to such complex horse-trading between member governments as the choice of key Commission personnel. In this instance, the wrangling has been up to Olympic standards.

Not only is the secretary-general by far the most influential of the Commission's top civil servants, but the job has been regarded as a French preserve ever since the formation of the Community. Quite extraordinarily, since the position was created it has been occupied by the same man, Emile Noel.

Persuading France to surrender the post to Noel's retirement was one thing. Getting the rest of the Community to agree to a British successor hand-picked by Mrs Thatcher—who in the last election campaign numbered her handling of the EC, along with the miners' strike, among her famous victories—has been quite another.

Williamson himself, a chubby and amiable 53-year-old, diplomatically rejects any suggestion that Britain's attitude or performance in the EC is in any way relevant to his appointment. With a polished delivery born of long practice, he insists that examination of the record demonstrates the UK has behaved in a manner no less commendable than any of its partners.

Nonetheless, others in Whitehall say that the political infighting in Brussels over his nomination has imposed great strain on him in recent weeks. It has left him in no doubt that to establish his credibility in the new job, he must demonstrate early that his loyalty is to the EC institutions.

Not that even the most hostile European critic of Mrs Thatcher has ever seriously questioned Williamson's ability, integrity or suitability for the post. He comes with impressive credentials: a first class degree in Greats from Oxford, followed by a rapid rise in the Whitehall ladder, initially at the Ministry of Agriculture (where he was once described as "a Rolls-Royce among Morrisies"). He has spent the past three years as deputy secretary for EC affairs in the Cabinet Office.

He has intimate inside knowledge of the workings of the Commission, gained during a secondment as deputy-director of agricultural affairs between 1977 and 1983. He also participated in the negotiations on Britain's accession to the Community and has more recently been involved in high-level inter-governmental EC meetings.

Indeed, though nominally an agricultural expert, he takes obvious pride in his dealings with international and trade issues has been a consistent theme of his career, starting with his role as a negotiator in the Kennedy Round of tariff negotiations in the mid-1960s.

Some of the country's foreign debt. The other group, gathered around Mr Jaime Ongpin, the Finance Minister, wanted a tough and aggressive stand against the insurgents, supported orthodox economic policies including the agreed restructuring of external debt, and wanted to encourage foreign investment.

However, scattered throughout are mavericks, particularly former military officers. They urge the harshest line against the Communist New People's Army without any of the socio-economic policies—notably, land reform—which could weaken Communist support in the poorest rural areas. Moreover, personal ambition has led to the undermining of Mrs Aquino's authority by key individuals. The most notorious is Mr Juan Ponce Enrile, the former Defence Minister, and the latest is Vice President Salvador Laurel, who was also foreign minister. He announced yesterday that because of irreconcilable differences he can no longer serve in Mrs Aquino's Cabinet. This leaves her with a constitutional vice president determined to use the office to promote his own campaign for the presidency against her.

Faced with these complexities it is perhaps not surprising that Mrs Aquino has hesitated over the reshuffle. The first announcement yesterday was the sacking of Mr Ongpin which may cause a chunder in the international financial community. But that is not to say that his group is out. His successor, Mr Vicente Jayme, former public works minister and a former president of the Philippines National Bank, is likely to be sympathetic to Mr Ongpin's economic ideas. An important test will be the fate of Mr Arroyo. If he stays while Mr Ongpin goes it would suggest that Mrs Aquino has moved leftwards, away from the pragmatists and, crucially, away from the army, a move which could alienate sections of the military and alarm the United States which has been pivotal in its support for her.



David Williamson: "Star in the best sense of the word."

## Rubbing Europe up the right way

Beyond that, an unsteady manner and peckish sense of fun have earned him the distinction of being universally liked, as well as respected, by those who have worked with him in both London and Brussels. Indeed, almost incredibly, it seems impossible to find anyone with a bad word to say about him personally. "An amusing, courteous, permanently good-humoured man who is always prepared to find time to talk enthusiastically about serious issues," says one senior Commission official. His amiability has stood him in good stead as an operator. "He has a knack for rubbing people up the right way and subduing their hostility," according to a British diplomat with long EC experience.

The words "efficiency" and "management" crop up frequently in his conversation. One of his proudest achievements

while running the Community's agricultural marketing operations in Brussels was pulling off an astute deal on the commodity markets which saved European taxpayers some £2m (£1.6m).

He says he decided to join the Ministry of Agriculture—not the most obvious choice for an ambitious civil servant with a glittering academic record—chiefly because he was attracted by the idea of working in a department where decisions had direct and immediate impact on the outside world.

Though Williamson's emphasis on efficiency and getting value for money must have won the enthusiastic approval of the Prime Minister, not all Whitehall officials were convinced that he would hit it off with her. "I am surprised they get on so well," says one. "He's a chirpy chap, doesn't seem her cup of tea at all."

He has succeeded in winning her confidence for two main reasons. First, he is a master of detail who does his homework and excels at incisive exposition of complex subjects. Second, as those who have negotiated with him testify, his affable exterior conceals an exceptionally tough and determined mind.

But hasn't Williamson, as a self-described "committed European," ever felt any private reservations about Britain's tactics in bruising negotiations on issues such as the EC Budget, where it has frequently been isolated in a minority of one? Couldn't the same results have been achieved without causing so much offence?

He is, of course, much too canny to give a direct answer. However, acting as intermediary between Downing Street's views of Europe and the rest of the EC's views of Mrs Thatcher must have required a delicate balancing act. Only once, indeed, is he on record as having stumbled.

The gaffe occurred at an EC meeting to discuss ways to bring home the reality of the Community to its citizens. Why not, Williamson suggested, necessarily design a European postage stamp? When Mrs Thatcher heard of plans to print stamps not featuring the monarch's head, she was, it is said, decidedly not amused.

There is little doubt that Williamson will need all his talents as a bureaucratic operator and conciliator once he moves to Brussels.

On paper, the secretary-general and his staff are responsible for ensuring the smooth running of the Commission's operations, all the way from personnel management to organising the agenda of the Commissioners' weekly meetings. Among other things, he chairs meetings of the chiefs of cabinet who run the Commissioners' private offices and, in some cases, rather more effective and influential than their bosses.

In practice, however, the job has been shaped almost entirely by the personality of Noel, the very model of an eminence grise who was born, appropriately, in the byzantine capital of Constantinople (now Istanbul).

Noel's principal source of influence is his encyclopaedic knowledge of the history of the Community's institutions and the people who work in them. "Nothing is more terrifying than putting forward an idea at a meeting at which Noel is chairing the meeting," says a Commission official. "He will then explain, very deliberately but politely, that exactly the same proposal was made 15 years ago and was found unworkable for the following reasons."

Not surprisingly, almost every newly-appointed President of the Commission has turned to Noel for hand-holding and advice. Most have held him in high esteem as a confidant. As a result, there is no record of any major decision being taken without his full consent.

Williamson says that he wants as long a hand-over period as possible so that he can learn from Noel's experience. However, he readily agrees that he cannot hope to replicate his predecessor's role as a repository of Community lore. If he is to make an equally enduring mark on the Commission as secretary-general, almost inevitably he will do so by re-defining the nature of the job.



## The Second Wave

Japan's Global Assault on Financial Services

By Richard W. Wright and Gunter A. Pauli  
Waterlow; £10.95

THE DANGER that the Japanese are about to overrun the world financial services market has become a popular, spine-chilling topic in banking circles. You can hardly open a financial journal these days without reading of Nomura Securities but doing its way into international bonds, or Sumitomo Bank offering cut-price loans, spreading fear and despondency far and wide.

It is easy to see why this spectre haunts the Japanese. They have conquered so many markets that financial services must be on the list too. And what they did to engineering and electronics is only too plain. (That was the first wave.) But the greater danger may be that the west will work itself up into a muck sweat over this without good reason. Why should a country which has taught the world how to make cars necessarily know the secrets of successful finance?

After all, the UK is in the reverse position: while it seems to do rather well in financial services, it has not exactly shone at manufacturing.

## International finance is Anglo-Saxon in culture, hard for an oriental newcomer

The whole issue of Japan's drive into the international financial services market is much in need of cool, authoritative analysis. How well equipped are the Japanese to excel in finance on a global scale, how relevant are the industrial analogies, how vulnerable are western banks and securities firms to the assault?

The appearance of this book is most timely, but unfortunately it is not the revealing, original work which the subject so badly needs. Part of its problem is that it is irritating to read. The style often lapses into management consultancy jargon (lots of input factors and organisational technologies) and the text is larded with examples which seem to me at any rate loosely culled from newspaper files, rather than based on hard original research.

But the book's greater weakness is the one common to so much debate on this subject: it accepts almost without question the premise that Japan is about to conquer world finance, and

then labours the point with scare language. The threat is real," the implications are ominous," "the heat is on." Even the dust jacket shows London landmarks being swamped by a Japanese tidal wave.

Many points about Japan's growing strength in financial services certainly are worrying. Its financial institutions are huge; they nurse global ambitions and they have already flexed their muscles to powerful effect. Japan's torrent of capital exports—the famous "wall of money"—has also held the markets spellbound, but does this necessarily mean that Japanese bankers and brokers will succeed?

One good reason for suspecting that they will find it tougher than their metal-bashing and chip-making colleagues is the vital difference between the industrial and financial markets. When Japanese industrialists first appeared on the world scene 20 years ago, western industry was arguably already in decline. Its industries were mature, its efficiency and lacking vitality. So it was comparatively easy for an aggressive newcomer from a youthful industrial power to make headway.

That is not a description one can apply to the financial services market today. International finance is not only intensely competitive, innovative and vigorous, but also distinctly western, or to be more precise, Anglo-Saxon in culture—all of which makes it harder for an oriental newcomer to penetrate.

The Japanese certainly have their moneyed millions behind them. But financial services is not a business where success is solely related to mass production. Even more than in industry, knowledge and innovation are key qualities, and both are said to be in poor supply in Japan. It would be just as dangerous, of course, to be complacent about the threat, and it is reassuring that the measure of it and that western governments are alert to the political and regulatory implications.

Already the point has been pressed home in Tokyo that Japanese bank and brokerage houses will not be welcome unless they operate according to the same financial disciplines as western institutions, and trade is two-way. Provided these conditions are strictly applied, they should eliminate many of the unfair advantages which Japanese banks enjoy through lower capital requirements and a protected home market. If they are not, then the west will have only itself to blame.

The authors (Mr Pauli is a consultant and Mr Wright a management professor) might describe this review as an example of the very complacency which they say is "our worst enemy." And they may well be right in warning western institutions to close ranks or even form alliances with the Japanese if they want to survive.

But this book skirts the tough questions, and I doubt that many bankers will panic over a threat that is described in terms such as these: "It's big and it's real and it's heading our way fast, and it knows what it wants and might very well just get it. It goes by the name of Nomura Securities, and what it wants is your money; money to buy, money to sell, and above all money to reshape, reform, repack and resell for more than it cost to produce."

David Lascelles

## Power vacuum in Manila

IN EIGHTEEN months President Corason Aquino of the Philippines, elected on an extraordinary tide of popular support, has been swept into dangerous waters. After five coup attempts, she is now drifting in perilous indecision.

There is no underestimating Mrs Aquino's achievements since President Ferdinand Marcos was ousted and exiled in February 1986. The most important has been the fully democratic election of a two-tier Parliament.

Not is it easy to overstate the difficulties facing any leader in the islands faced with a ruined economy, Communist and Muslim insurgents, a soaring birth rate and a paucity of politicians whose key common characteristic appears to be self-interest. She has also had to face a divided and disillusioned military, unused to the compromises inevitable in a re-emerging democracy.

Yet clearly defined policies are now needed. The August 28 coup attempt came closer to success than any other. It resulted in the entire Cabinet proffering its resignation together with those of other key appointees such as the Central Bank governor. This gives Mrs Aquino her first real opportunity to eliminate at least some of the internal divisiveness which has impeded her administration.

As soon as she took power Mrs Aquino formed a "coalition" Cabinet, comprising non-representatives of different political parties but prominent individuals united only in their opposition to the Marcos regime. There are still no properly constituted national political parties, which may be one reason why the Communists are an armed rather than a political operation.

Once the new Congress was elected the existing Cabinet was deprived of its legislative function, and the two broad camps within it took to public feuding. One group, loosely coalescing around Mrs Aquino's powerful Executive Secretary, Mr Joker Arroyo, argued for a conciliatory approach to the Communist insurgency, was generally sympathetic to International Monetary Fund and World Bank economic policies and, in varying degrees, supported selective repudiation of

some of the country's foreign debt.

The other group, gathered around Mr Jaime Ongpin, the Finance Minister, wanted a tough and aggressive stand against the insurgents, supported orthodox economic policies including the agreed restructuring of external debt, and wanted to encourage foreign investment.

However, scattered throughout are mavericks, particularly former military officers. They urge the harshest line against the Communist New People's Army without any of the socio-economic policies—notably, land reform—which could weaken Communist support in the poorest rural areas. Moreover, personal ambition has led to the undermining of Mrs Aquino's authority by key individuals. The most notorious is Mr Juan Ponce Enrile, the former Defence Minister, and the latest is Vice President Salvador Laurel, who was also foreign minister. He announced yesterday that because of irreconcilable differences he can no longer serve in Mrs Aquino's Cabinet. This leaves her with a constitutional vice president determined to use the office to promote his own campaign for the presidency against her.

Faced with these complexities it is perhaps not surprising that Mrs Aquino has hesitated over the reshuffle. The first announcement yesterday was the sacking of Mr Ongpin which may cause a chunder in the international financial community. But that is not to say that his group is out. His successor, Mr Vicente Jayme, former public works minister and a former president of the Philippines National Bank, is likely to be sympathetic to Mr Ongpin's economic ideas. An important test will be the fate of Mr Arroyo. If he stays while Mr Ongpin goes it would suggest that Mrs Aquino has moved leftwards, away from the pragmatists and, crucially, away from the army, a move which could alienate sections of the military and alarm the United States which has been pivotal in its support for her.

In any event, the most dangerous option is to delay longer over the reshuffle, leaving a power vacuum which could all too easily be filled undemocratically.

## McMurray quits

## in steel row

The close-knit Sheffield steel industry will be in a state of surprise this morning at the news that Bill McMurray, chief executive of GEC Special Steels, is to leave the group after a boardroom rumour.

McMurray saved Sanderson Kayser, the 200-year-old special steel firm from collapse in the 1980-83 recession which saw so many of the steel city's famous names go under. He has since guided it into substantial profitability.

Together with its Sheffield wire rolling sister company, Hemmings, Sanderson is now responsible for one disgruntled shareholder pointed out to the GEC board at the last annual meeting—for a substantial portion of GEC group profits. Yesterday's resignation was unusually reticent about his work with the group that he has worked with for a decade—merely citing "management incompatibility" with other senior board members.

His departure will pose a thorny replacement problem for GEC chairman Tom Kenny and group managing director Michael Hale.

As for McMurray, whose past targets for spirited verbal attack have ranged from the left-wing Sheffield City Council to ministry of defence officials in Whitehall (who saved money by purchasing their armour plate from Germany), he insists that he hopes to continue in British manufacturing industry. Given his track record, the Sheffield steel Mafia feels that backing will be quickly forthcoming for any new venture he chooses to launch.

## Men and Matters

It has long had a reputation as a company with a prominent position in international financial markets work, particularly in Eurobonds, Japanese Bond issues and secured banking documentation.

The L & F partners now see a local presence in Tokyo essential in consequence of the growth of the city as a capital market centre.

In the cautious way these matters are handled in Japan, Grundy and Crook, both partners, have had the usual wink and nod from the Japanese authorities that the moment would be right to make formal applications to the ministry of justice, Tokyo, to practice in the city.

Grundy, aged 32, who expects to go very shortly, will not find Japanese life over-strict. He is married to Etsuko Moro, a Japanese national at present working in London for Yamaichi International, one of the big four Japanese securities houses. She is to accompany him to Tokyo.

Learning the language should therefore not prove to be too difficult for him. But it is doubtful whether he will find much time in Tokyo for his other interests as a student air pilot and a tournament bridge player.

would be the best successor to Nakasone. Why? Because he has the support of Nakasone and of the country's financial leaders.

Sixty-seven per cent of the officials thought that Noboru Takeshita, secretary general of the ruling Liberal Democratic Party, would become the next prime minister. Why? Because he has the greatest money raising ability.

The selection of a new leader is scheduled to take place at the end of October. Only pragmatists need enter the contest.

## Magna gift

The presence in London this week of 2,500 of the world's leading business lawyers for the annual jamboree of the International Bar Association is being marked by the gift to selected senior delegates of well-crafted copies of the most famous legal document of all time, the Magna Carta.

In spite of its fame, few lawyers have ever read the document, which concentrates more on building weirs on the Thames, and standard measures for beer, than on the more fundamental questions concerning human rights that preoccupy society in these modern times.

If their medieval Latin is rusty the lawyers can look to an English translation and an introduction from Christopher de Hamel, director in charge of medieval manuscripts at Sotheby's.

There are a few copies of the original. Only four copies are known to have survived, but many more were written after that fatal day in 1215.

As well as Magna Carta the lawyers got a banquet at Sotheby's. It is not charity work by the saleroom. The names and addresses of all those leading law men will greatly enhance its mailing list.

## Carve-up

When the European Commission met in Strasbourg yesterday to make the key appointment of a new secretary-general in place of Emile Noel, the remarkable French civil servant who has held the job for the past 29 years—there was one key indicator to suggest that the keenly-contested appointment was already a certainty.

The commissioners had to decide between David Williamson, EC adviser to Mrs Thatcher, and Horst Krenner, west German deputy to Noel, in strict secrecy over their lunch.

But the tell-tale clue was there for the wise to spot. The menu for the day, in the private dining room of the European Parliament, was asstete Anglaise, or cold meat cuts.

And, sure enough, Williamson got the job.

## Night music

A young Scot, recently arrived in London from Liverpool, rang his anxious mother.

"And what are your lodgings like Hamish?" she inquired.

"Och, mother, they're fine except that the man in the room next door spends half the night moaning and bawling his head on the wall."

"How do you put up with it?" asked his mother.

"Well... I've tried to ignore it and I just keep up playing my bagpipes until I fall asleep."

Observer



## Latest Developments

Baker Harris Saunders, Commercial Surveyors and Estate Agents. Telephone 01-726 2711.



**Willett**  
IS BUILDING  
01 689 2266

# FINANCIAL TIMES

Thursday September 17 1987

**Balfour Beatty**  
for Refurbishment  
0932-231055  
A BICC Company

## Voest-Alpine plans weapons plant in Iran

BY JUDY DEMPSEY IN VIENNA

VOEST-ALPINE, Austria's largest state-owned steel and engineering group, already under investigation for allegedly illegal sales of arms to Iran, is negotiating to build a factory in Iran, which will manufacture weapons, possibly cannon.

The company's plans put it on a collision course with the Austrian Government, which prohibits the sale of weapons, or the means to manufacture them, to warring nations. Already one of the three government ministries whose permission is needed by the company has said it will stop Voest-Alpine from concluding a deal with Iran.

A spokesman for Voest-Alpine denied that the company was contravening the law.

"When we started the negotiations, we knew that if we won the contract, we would be building a plant, but not a plant which would be used exclusively to manufacture weapons".

Under Austrian law, any company which exports arms or wins a contract to build a weapons factory must seek a licence from at least three ministries as well as the go-ahead from the Chancellor's office in Vienna. Austrian law also forbids Austrian companies from selling arms to countries engaged in war, and constructing factories in certain countries which are "exclusively for the use of manufacturing weapons".

But a spokesman for the Ministry of the Interior said yesterday that he was surprised that Voest-Alpine did not even apply to seek permission to build the plant in Iran. "Even if they did win the contract, the Ministry of the Interior would not grant it permission", he said.

Voest-Alpine yesterday confirmed that its armaments subsidiary, Noricum, was still negotiating with Iran despite investigations into its alleged illegal export of arms to Iran in 1985 and 1986.

Mr Peter Unterwiesing, the former chairman of Noricum who started the negotiations several years ago, has been in detention and under investigation for the past two weeks after police searched the company's premises and found documents related to Noricum's trading activities abroad.

Austrian officials say they find it "strange" and "puzzling" that Voest-Alpine should continue these negotiations with Iran at a time when Mr Unterwiesing and several others are under investigation on suspicion of illegally selling arms to Iran. The company, however, continues to state that "it never knowingly sold weapons to Iran".

Asked if it was not unwise to pursue the contract while investigations continued, a spokesman for Voest-Alpine said: "We have to find business. Don't ask me if it is a moral thing to do. But we just can't sit here and wait for contracts to land on our desk".

when the Esmeraldas plant comes back into operation at the end of this month.

Non-oil earnings have been affected by the drop in coffee prices, and unusually for Ecuador, there will probably be a trade deficit of \$50m to \$200m at the end of the year. In an effort to stop the free market sources slipping, the Government recently raised reserve requirements - a measure which was seriously condemned by bankers.

But now that President Leon Febres Cordero has begun his last year in office and the election campaign is getting underway, some economic analysts expect to see an increase in public spending.

Ecuador's \$8.6bn foreign debt includes \$1.7bn from multilateral agencies and \$1.1bn loaned by governments. Some World Bank IDB credit for export commission, the financial sector and agriculture may come in before the end of 1987, while Venezuela has agreed to postpone the repayment of the 12.5m barrel oil loan made after the earthquake.

All this will help close the balance of payments gap, and it is hoped that the Government's tight monetary policies, combined with measures to free the exchange market and reduce import tariffs, will be rewarded by Ecuador's commercial creditors.

The banks' response to the country's problems has been very positive, according to Mr Espinosa, who does not foresee any major obstacle to an IMF agreement.

The minister is cautious about dates and terms, although an IMF mission is to visit Quito in October. With congressional and presidential elections expected for January 1988, political energies are focused on candidacies and campaigns. But the more serious contenders are also watching the debt negotiations anxiously as they calculate the financial fate of the economy they might inherit.

Asked if it was not unwise to pursue the contract while investigations continued, a spokesman for Voest-Alpine said: "We have to find business. Don't ask me if it is a moral thing to do. But we just can't sit here and wait for contracts to land on our desk".

## Bonn sets date to commence Bundespost restructure

By Peter Bruce in Bonn

THE WEST German Government plans to begin deregulating the country's telecommunications market in 1989, Mr Christian Schwarz-Schilling, the Posts and Telecommunications Minister said yesterday.

Mr Schwarz-Schilling was speaking after the publication of a special Government Commission report on restructuring the Bundespost. It recommends ending the Bundespost monopoly on telecommunications and the supply of equipment but says it should retain its network and telephone services monopoly.

Giving a decidedly cautious welcome to the report, which has taken 2½ years to prepare, Mr Schwarz-Schilling said it would give the Government "important insights" into ways to restructure the Bundespost.

He said the posts, finance, economic justice and interior ministries would first need to "thoroughly analyse and evaluate" the report before making their own submission to the Cabinet. That would take place early next year, he said, with parliamentary debate then lasting until next summer and "we have decided as the start of 1989 to translate a restructuring of posts and telecommunications into fact".

The Government's task has been made much more difficult by a split in the Commission. Four of its 12 members - including the leaders of the country's two major industry associations - wrote a minority report recommending greater liberalisation, particularly the licensing of a second, private, network. The Social Democrats (SPD) and trade union members on the commission refused to support the majority report on the grounds that it was too far.

Some industrialists fear Mr Schwarz-Schilling may have in mind a mere streamlining of Bundespost efficiency when he moves to reform the agency. Critics say the intention is simply to reorganise and not deregulate the market. The report's recommendations themselves have been considerably watered down in the past six weeks, critics say, and left-wingers on the Commission.

The minister said he was relieved the Commission had recommended that the Bundespost retain its monopoly over the telecommunications network but said he agreed that the equipment market should be opened.

He also said he wanted to introduce significant cuts in the volume of lines leased to major customers by the Bundespost. The tariffs are controversial because they came into effect after the leased line has been used for only 90 hours a month and make leasing lines roughly four times dearer than in the UK.

He agreed with the Commission that the subsidising of the postal service by the telecommunications should stop but was less than enthusiastic about splitting up the Bundespost into a separate postal service, a telecommunications operation (Telekom) and with the Ministry performing merely a watchdog role.

## Finsider seeks \$3.8bn state aid

Continued from Page 1

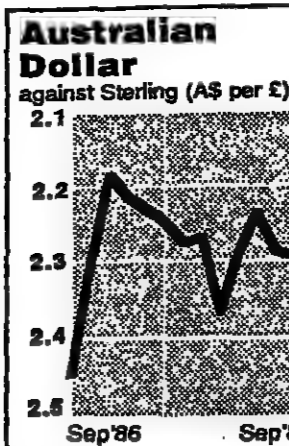
may be equally cautious, limiting itself to setting out various options. These are bound to include, however, the highly contentious closure of the modernised works at Bagnoli in Naples, which employs around 3,500 people.

The Finsider plan is likely to envisage a cut in total employment to just above 50,000 from the current level of 77,000. This will involve a strong tussle with the Government since cuts of 50,000 over the last six years have been achieved only through early retirements and voluntary redundancies. But there is little optimism at Finsider that further cut can be achieved without mass layoffs.

One slightly devious way of achieving these will be through selling plant and equipment to the private sector.

## THE LEX COLUMN

# A last throw from Crownx



scope to improve those further and lower interest charges. The prospect of nil gearing by the year end after capital expenditure of £100m is impressive. Costs can easily finance the small acquisitions with which it may now be content.

If profits top £220m the 1987 multiple is a bare 13, with the shares up 18p to 373p yesterday, and in 1988 it should fall to under 11½. The rating of the company, and the sector, is overvalued, says a US protectionism on textiles and paying too little respect to improved management.

## Australia

The journey from incipient banana republic to near-balanced budget in one year has, understandably, sent the Australian equity (and bond) market on a merry upward dance supported by good-looking economic statistics and company results. But the carefully nurtured budget surprise serves as a metaphor for the whole economy: impressive progress, increasingly based, in this view, which rests on the apparent budget benefits from asset sales and the worryingly optimistic forecasts on investment, inflation and the terms of trade, will be confidently dismissed by the markets in the short-term. But watching the Labour Government negotiate its tight-rope - now strung even higher by the budget ambition - could make for nervousness next year.

The apparently virtuous circle of lower interest rates helping to push the dollar up, thanks to the inflow of foreign funds - depends on the hot money not fleeing to the US as soon as rates there start moving up. It also stimulates renewed anxiety about the current account. While profit forecasts are being marked up, this view may seem rather churlish, particularly to those London investors who have missed out on the latest surge fearing their historically high exposure. The budget comments on the corporate and property tax structures, along with lower interest bills, should also keep Australia close to the top performing market by speeding the baton change from resources to industrial stocks. But although changes to superannuation schemes may stimulate more local investment, the leading multinationals have run ahead of the rest largely due to foreign interest. Maybe the Government will now be able to devote more effort to stimulating domestic investment.

## Coats Viyella

When David Alliance set off on his trail of textile takeovers his aim was an international group to rival all comers. The merger of 18 months ago which produced Coats Viyella provided the basis for just such a business - yet market confidence has been sapped by the length of time it is taking for the benefits to come through. Yesterday's interim results, showing earnings per share up 30 per cent, demonstrated that even the early gains are significant. And a 20 per cent dividend rise reveals a new generosity to shareholders even if the amount of information provided remains stingy.

A sales gain of only 5 per cent like-for-like is a touch disappointing, though volumes on the handloom side must have been grim and exchange rates worked against Coats. The profit gain came from wider margins - and there is plenty of

## Guinness Peat

The latest stage in Equicorp's negotiations with Guinness Peat might be taken as proof, were it still needed, of the New Zealanders' ability to run a merchant bank, with an adroitness not allowed for by the London market, they have driven a wedge between Mr Alastair Morton and his executive board, enlisted Lord Kinnaird as an ally, apparently squared themselves with the Bank of England and almost certainly clinched the whole deal at 115p a share.

The formal rejection of the offer by the Guinness Peat board seems mere face-saving, given their failure to object to Equicorp picking up a further 4 per cent stake at that price, and from Guinness Peat employees

Economic projections were upset by an earthquake writes Sarita Kendall in Quito

## Ecuador's oil lifeline beats again

ECUADOR is showing great resilience for a country which has suffered two serious financial setbacks in the last two years.

The sudden drop in oil prices during 1986, and the partial destruction of the transoceanic pipeline by an earthquake in March 1987 hit the economy where it hurt most - oil earnings fell by nearly \$1bn in 1986, then dried up altogether between March and August this year while the pipeline was repaired.

"If it hadn't been for these exogenous problems we wouldn't have been in this situation now," said Mr Rodrigo Espinosa, the Finance Minister, before starting a European trip to continue discussions on rescheduling the foreign debt.

In spite of this the Government has gone ahead with liberalising the economy, an effort that is recognised in the international financial market.

Mr Espinosa was optimistic about this week's meeting with Ecuador's creditors in Germany, France and the UK. He will be talking to Paris Club representatives, as well as commercial banks on the steering committee.

Early this year Ecuador stopped interest payments on the \$3.4bn owed to the banks and, soon after, the earthquake played havoc with economic projections for 1987. Mr Espinosa calculates the total cost of the earthquake (including reconstruction of the damaged pipeline, and damage to roads, houses and local production) at nearly \$1bn.

Although oil is now flowing along the pipeline again, the minister expects this year's growth figure to be negative, and is looking for ways to fill a balance of payments gap estimated at \$850m (which also covers the interest and amortisation due to commercial banks).

Before prices plunged, oil contributed about two-thirds of Ecuador's export income. But this year's earnings will be under \$800m, representing less than 45 per cent of exports.



President Cordero: last year in office

der \$800m, representing less than 45 per cent of exports. Stopgap measures after the earthquake, such as the construction of a link to Colombia's southern pipeline, and loans of crude oil from Venezuela and Nigeria, barely served to keep the domestic market supplied with fuel.

"Sales contracts are running normally now - we didn't lose any customers while exports were paralysed," said Mr Fernando Santos, the Oil Minister. By the end of this month repairs on the pipeline will be complete - some temporary sections installed in particularly difficult places along the Andean ravine still have to be replaced.

Because the terrain is so unstable, a new pipeline shortening the distance through the foothills to the main Amazon oilfields may be built. This would provide an alternative route over the most vulnerable stretch and would also benefit companies exploring areas south of the production centres at Lago Agrio and Shushufindi. Talks with the Italian Government, which has offered a soft loan for the construction of the link, are in progress.

Exploration contracts signed

with foreign companies in recent years are already showing promising results. BP is working near the border of a block alongside CEPK, the state oil corporation. Oil has been discovered on both sides of this border, and there are hopes that further drilling will reveal one big field.

Ecuador is offering five more Amazon plots and a coastal one for exploration in an effort to raise proven reserves beyond the present 1.5bn barrels. "The big companies are interested - we could be signing new contracts before the end of the year," said Mr Santos.

This year's oil production will be down to about 60m barrels, compared with nearly 110m barrels in 1986. Although Ecuador desperately needs the foreign exchange, daily production will continue to run below capacity partly because of Opec obligations, and partly to defuse accusations that higher production rates are not technically advisable.

Ecuador does, however, need to increase its present Opec quota of 220,000 bpd. Domestic production will rise to some 105,000 bpd, and refining capacity will reach 120,000 bpd

with foreign companies in recent years are already showing promising results. BP is working near the border of a block alongside CEPK, the state oil corporation. Oil has been discovered on both sides of this border, and there are hopes that further drilling will reveal one big field.

Ecuador is offering five more Amazon plots and a coastal one for exploration in an effort to raise proven reserves beyond the present 1.5bn barrels. "The big companies are interested - we could be signing new contracts before the end of the year," said Mr Santos.

This year's oil production will be down to about 60m barrels, compared with nearly 110m barrels in 1986. Although Ecuador desperately needs the foreign exchange, daily production will continue to run below capacity partly because of Opec obligations, and partly to defuse accusations that higher production rates are not technically advisable.

Ecuador does, however, need to increase its present Opec quota of 220,000 bpd. Domestic production will rise to some 105,000 bpd, and refining capacity will reach 120,000 bpd

## UK growth in economy forecast

Continued from Page 1

will grow by as much as 4 per cent in 1987 against its budget forecast of a 3 per cent rise.

The buoyancy of the economy and a sharp rise in privatisation receipts are the key factors behind the strength of government revenues shown in yesterday's figures for the public sector borrowing requirement in August. The PSBR during the month was £700m against a general City expectation of £1.2bn.

The Treasury yesterday sought to dampen optimism on the outlook for government finances because of its concern not to provide ammunition to spending ministers in their current negotiations on their cash limits for the next three years.

Bids from spending departments already exceed the official target for 1988-89 by several billion pounds, and the latest figures will encourage the departments to press those demands. The Treasury would like to see a further cut in the borrowing target in 1988-89 rather than extra public spending or a massive tax giveaway.

A spokesman stressed that at this stage in the year, the PSBR is still subject to considerable uncertainty.

## Hungary proposes economic reforms

BY LESLIE COLTITT IN BUDAPEST

HUNGARIAN leader Janos Kadar yesterday admitted personal responsibility for "serious" economic mistakes in the past and urged Parliament to adopt the Government's severe austerity programme and wide-ranging economic reforms.

Presented by Mr Karoly Grosz, the new Prime Minister, called for the reversing of Hungary's large trade deficit with the West, which reached \$440m last year, in order to reduce the nation's soaring hard currency debt.

Eastern Europe's first personal income tax for wage earners is to be introduced next January, together with a value added tax. Corporate income taxes will be markedly lowered, while tax revenues from profitable firms are no longer to be used to subsidise loss-making firms.

Mr Kadar told deputies that the leadership "had to learn" from its errors. Among them, he said, was the belief that drafting five-year plans and annual plans would automatically produce results.

Instead, he noted: "We consumed more than we produced."

The 76-year-old party leader added that he bore the "greatest responsibility" as he had been in office the longest.

Mr Kadar also acknowledged that the party was still making the same error it had committed since 1948: it paid bonuses and provided better education and health services while lacking the "financial cover".

In spite of the burst of self-criticism, however, the Hungarian leader gave no hint of wanting to step down after 31 years in power.

Earlier, Mr Grosz, who came to office three months ago, told the opening session of parliament that the nation's net debt to the West had risen to \$2.5bn, double its annual hard currency exports. Interest payments alone amounted to more than \$300m annually.

He said that in attempting to halt the rise in indebtedness the Government aimed to achieve a positive balance of trade next year. This would require a rethinking of objectives, as well as greater efficiency and discipline.

Mr Grosz noted that the Government wanted to strengthen the autonomy of companies and



Janos Kadar: self-criticism

the influence of the market of them. He urged greater "socialist democracy", including more openness in politics and the economy.

The 100-seat, brilliantly-lit, neo-Gothic legislative chamber contrasted dramatically with the depressing economic and political mood of the population, which was "much worse" than a few years ago. Confidence in the Government had declined and there was a danger of an increase of extremism.

As parliament opened, some 300 deputies received a letter from a group of leading Hungarian intellectuals calling for a greater "democratisation" of political and economic life.

## Briton appointed to top EC post

Continued from Page 1

viser on institutional affairs to Mr Jacques Delors, the Commission president. He is expected to become EC ambassador to Washington in 1989 when Britain's Sir Roy Denman retires from the job.

The appointments mark the conclusion to a period of furious national lobbying for the Noel succession, seen by many as the pivotal position in the bureaucracy. However much of Mr Noel's influence stemmed from his encyclopaedic knowledge of past EC negotiations, which Mr Williamson cannot yet hope to match.

A British secretary-general was regarded as a strong possibility since the EC summit at Fontainebleau in 1984, when a secret Franco-British deal was rumoured to have been done. This provided UK support for a French Commission President.

However, subsequent clashes between Mr Thatcher and Mr Delors, culminating in the British Prime Minister's isolation once again at the last EC summit in Brussels in June, had cast new doubt on the appointment.

The move means a further reduction of French influence in the Commission, particularly over personnel appointments, as well as a setback for West Germany. However, Chancellor Kohl is believed now to be most keen on obtaining the post of Nato secretary-general for his Defence Minister, Mr Manfred Womert.

## World Weather

Location	Temp	Wind	Cloud	Temp	Wind	Cloud
Algeria	24	10	10	London	14	10
Amman	24	10	10	Madrid	14	10
Amsterdam	17	10	10	Manila	24	10
Athens	24	10	10	Medan	24	10
Bahia	24	10	10	Montevideo	14	10
Bangkok	24	10	10	Moscow	14	10
Batavia	24	10	10	Mumbai	24	10
Bombay	24	10	10	Nairobi	14	10
Buenos Aires	14	10	10	Rangoon	24	10
Calcutta	24	10	10	Reykjavik	14	10
Canton	24	10	10	Rome	14	10
Cebu	24	10	10	Sao Paulo	14	10
Colon	24	10	10	Seoul	14	10
Dacca	24	10	10	Shanghai	14	10
Dakar	24	10	10	Singapore	24	10
Dhaka	24	10	10	Sofia	14	10
Delhi	24	10	10	Taipei	24	10
Detroit	14	10	10	Tokyo	14	10
Dublin	14	10	10	Urumqi	14	10
Frankfurt	14	10	10	Yokohama	14	10
Geneva	14	10	10			
Hankow	14	10	10			
Hong Kong	24	10	10			
Kobe	14	10	10			
Kuala Lumpur	24	10	10			
Lahore	24	10	10			
London	14	10	10			
Los Angeles	14	10	10			
Lyons	14	10	10			
Manila	24	10	10			
Medan	24	10	10			
Montevideo	14	10	10			
Moscow	14	10	10			
Mumbai	24	10	10			
Nairobi	14	10	10			
Rangoon	24	10	10			
Reykjavik	14	10	10			
Rome	14	10	10			
Sao Paulo	14	10	10			
Seoul	14	10	10			
Shanghai	14	10	10			
Singapore	24	10	10			
Sofia	14	10	10			
Taipei	24	10	10			
Tokyo	14	10	10			
Urumqi	14	10	10			
Yokohama	14	10	10			

Source: BBC Weather Service. Times of day: 0000, 0600, 1200, 1800, 2400.

# Senior Financial Executives of outstanding ability

Currently Earning  
£40,000-£100,000

Odgers and Co. are Management Consultants specialising in executive recruitment. We are currently extending our contacts with senior executives of outstanding ability and achievement in the field of finance. We would like to hear from people aged 32-45 who feel that, in developing their careers over the next few years, they should not rule out the possibility of moving to a bigger job in another organisation.

Please write giving a brief summary of your background and experience to Ian Odgers.

Any approach will be treated in the very strictest confidence.

**Odgers**

MANAGEMENT CONSULTANTS  
Odgers and Co Ltd, One Old Bond St.  
London W1X 3TD. 01-499 8811

## SECTION III

FINANCIAL TIMES  
SURVEY

Financially, it is Germany's dominant city. It is also its advertising capital and home to major

industries. Frankfurt has suffered from an image problem, however, which it is now trying to tackle. **Andrew Fisher** looks at this energetic, if somewhat unattractive, city

## Lots of verve if not style

SEEN FROM the motorway that runs to the north, Frankfurt's skyscrapers appear to rear up like great commercial icons with a sureness and arrogance that smacks more of North America than western Europe.

No other West German, or even European, city has such a contemporary skyline rising up from its centre. While not exactly beautiful - some of the buildings are downright ugly - the total effect is certainly striking.

For what this modest-sized city of just over 600,000 people on the River Main may lack in style, flair or conviviality, it makes up for with an abundance of business energy, cultural vitality, and appetite for enjoyment. Financially, it is Germany's dominant city, housing its central bank, the headquarters of the big three commercial banks, a host of foreign investment institutions, and the largest stock exchange. Just over a fifth of its population is foreign, the highest proportion of any German city.

It is also Germany's advertising capital and home to some of its major industrial corporations like Hoechst chemicals, I G Metall, the largest trade union in the western world, is based here, as is the German Football Association, with for-

mer midfield star Franz Beckenbauer running the national team. The city is the site of the country's second largest industrial fair (and the world's most famous book fair) and its airport is the busiest in continental Europe.

Yet officially, Frankfurt is not the capital of anything. Just as it was gearing itself up after World War II to become the new Government centre of the fledgling Federal Republic, the prize was snatched away by Bonn, a sleepy little town on the Rhine. And Wiesbaden, with more gracious style and elegance but less pace than Frankfurt, is the administrative centre of the state of Hesse.

Nor has Frankfurt been an automatic stop on the tourist circuit, though there is plenty to see in and around the city of Goethe and Rothschild, and more people are now stopping off to take a look. It was so badly bombed near the end of the war that its well-preserved medieval heart virtually disappeared. Today it is a mixture of (mostly restored) older buildings, squat and utilitarian post-war structures, and the newer and occasionally more impressive skyscrapers.

In appearance, therefore, Frankfurt has suffered from its painful recent past, as well as

from its own over-hasty rebuilding efforts. Its sheer commercial robustness has not always recommended itself to visitors, and its inhabitants can occasionally be brusque. Thus it has had to contend with a severe image problem. In short, it has sometimes been regarded as an urban nightmare.

At one time, that harsh tag may have been more than justified. After the heady post-war boom years of the 1950s, Frankfurt came to represent for many all that was worst in modern economic life. It was aesthetically unappealing, to say the least, it seemed to have an over-regard for material well-being, streets seemed like permanent building sites as new road and underground

train links were being built, it was constantly being disrupted by youthful left-wing dissent, and such inner-city blights as drugs and crime flourished.

Neatly describing its poor image, John Ardagh also argued sympathetically in his recent book, *Germany and the Germans*, that this was not entirely deserved. "The town's general reputation for mercenary brashness has given it a bad name around the world. It is considered soulless, characterless, too materialistic, too Americanised, especially by older people who remember the pre-war Frankfurt as one of the largest and finest medieval centres in Europe."

Admitting that Frankfurt was no beauty, he praised its vitality. "It has improved greatly in the past 30 years and today is one of Germany's most lively and exciting cities, teeming with new ideas, new ventures and conflicts, and it has a more active and varied cultural life than any other except Munich and Berlin."

Thus it was no accident, though certainly a welcome surprise, that Frankfurt, sometimes dubbed Bankfurt or Mainhattan, topped the list in a survey of towns carried out for the EC by Reading University in England. This took into account income per head, unemployment, net migration, and the supply of hotel rooms, writing these against population changes. Frankfurt emerged as one of five German cities with

fewer problems in the mid-1980s than in the early 1970s. Clearly, Frankfurt would not top most people's lists of where to go in Germany. It is a city based on work and money. It lacks the elegant dignity of Hamburg, the northern port city; the hedonistic chic of Munich in the south; the chirpiness of Cologne on the Rhine; or the sleek style of Düsseldorf in the Ruhr. While it has plenty of life, its soul is not easy to find.

Frankfurt does not have the grand boulevards and broad shopping avenues which distinguish other European cities. True, its main shopping street, Zeil, has the highest turnover in the country. But it is architecturally bleak. Nor does the small Goethestrasse, with its ex-

clusive boutiques, exactly radiate charm. In the past, Frankfurt has often been called Germany's secret capital. Nearly 1,200 years old - Emperor Charlemagne held a synod at "Villa Francconum" in 794, though Romans had settled earlier - it became the place where emperors were elected and a flourishing centre of trade and commerce. As well as a strong cultural tradition, its people also developed an instinct for politics.

It was in Frankfurt that the liberal-intentioned National Assembly met to form a pan-German state in 1848, the year that republican feeling swept Europe. Instead, Bismarck's Prussia came to dominate North Germany, including Frankfurt which lost its status as a Free City in 1866. So upset was the mayor of the time at this loss of status that he took his own life. Later, in 1871, the treaty ending the Franco-Prussian war was signed here.

Today, you have to look hard for signs of Frankfurt's colourful past. Allied bombs destroyed or damaged 80 per cent of its buildings in 33 bombing raids between 1940 and 1944, leaving 17m tonnes of rubble. March 1944, saw the most devastation, with several hundred British bombs wiping out most of the centre in one night.

After the war, Frankfurt became the headquarters of the US occupation forces, who based themselves in the building of I G Farben, the chemical combine which was split into three. Rebuilding began quickly, too quickly in the view of many who resent the faceless concrete city that Frankfurt quickly became.

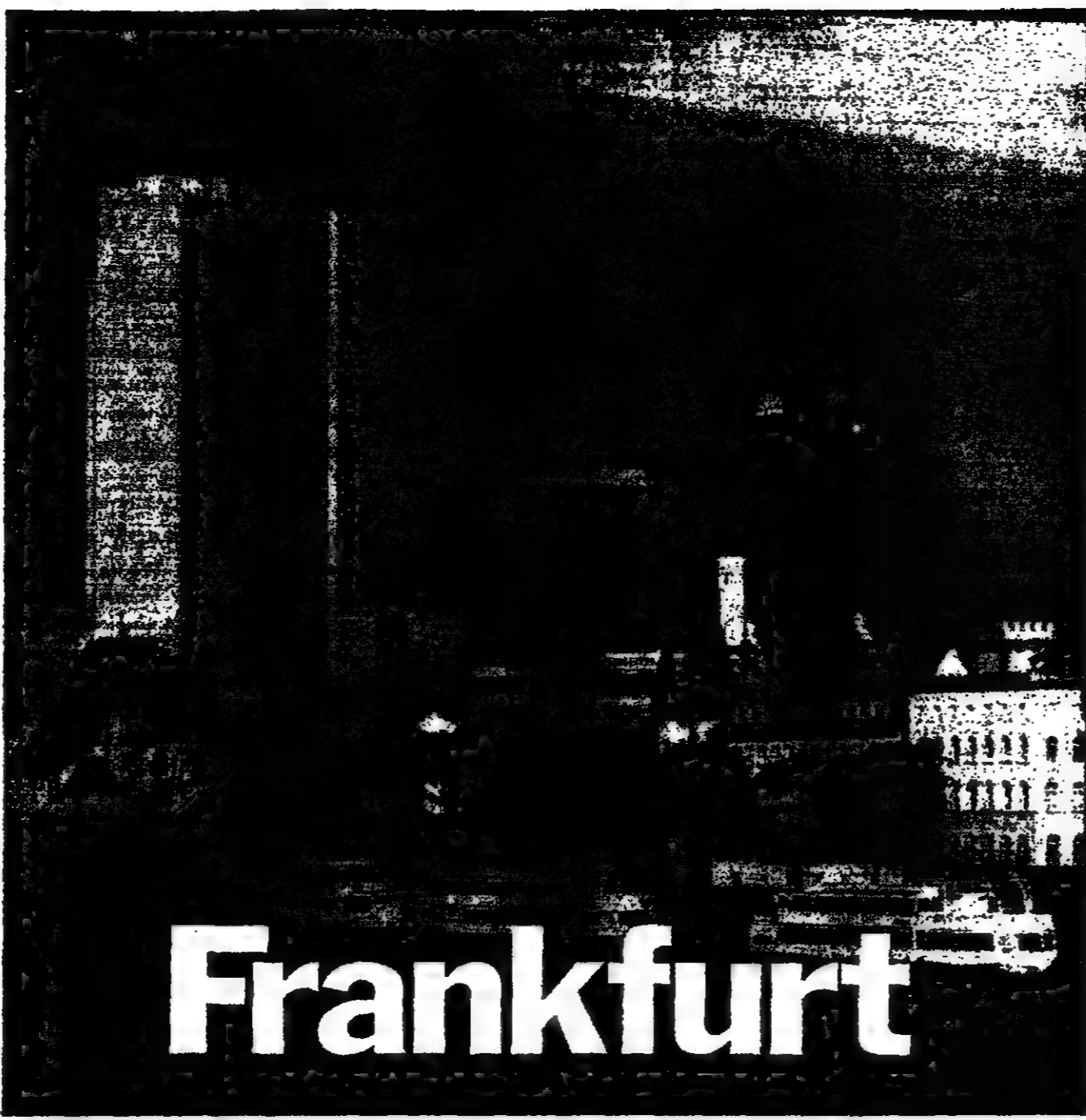
But its character had already been changed drastically before the bombing. Under Nazi rule, Frankfurt's Jewish population, active in business, culture and science, was sharply reduced. Before the war, there were 30,000 Jews in the city, more than in the whole of West Germany today. Frankfurt's present Jewish inhabitants number 6,500.

For those charged with governing the city, the demands have sometimes seemed superhuman. Frankfurt used to be called unmanageable. Several post-war mayors died in their offices though job stresses were not the only reason. After the strenuous efforts of post-war recovery, the city became a centre

## CONTENTS

Domestic banks: Frankfurt is the home of the Bundesbank  
Foreign banks: The majority of banks in the city are foreign  
Stock exchange: One of the oldest in Germany  
Profile: The President of the Bundesbank, Karl Otto Poehl  
Profile: Frankfurt and its mayor.

The city is planning well ahead  
Manufacturing: The area is a centre for manufacturing  
Airport: A place to shop, as well as catch the plane  
Profile: Hoechst, the world's largest company in chemicals  
Where to go and what to see



# Frankfurt

No other West German, or even European, city has such a contemporary skyline rising up from its centre

pensive boutiques, exactly radiate charm.

In the past, Frankfurt has often been called Germany's secret capital. Nearly 1,200 years old - Emperor Charlemagne held a synod at "Villa Francconum" in 794, though Romans had settled earlier - it became the place where emperors were elected and a flourishing centre of trade and commerce. As well as a strong cultural tradition, its people also developed an instinct for politics.

It was in Frankfurt that the liberal-intentioned National Assembly met to form a pan-German state in 1848, the year that republican feeling swept Europe. Instead, Bismarck's Prussia came to dominate North Germany, including Frankfurt which lost its status as a Free City in 1866. So upset was the mayor of the time at this loss of status that he took his own life. Later, in 1871, the treaty ending the Franco-Prussian war was signed here.

Today, you have to look hard for signs of Frankfurt's colourful past. Allied bombs destroyed or damaged 80 per cent of its buildings in 33 bombing raids between 1940 and 1944, leaving 17m tonnes of rubble. March 1944, saw the most devastation, with several hundred British bombs wiping out most of the centre in one night.

After the war, Frankfurt became the headquarters of the US occupation forces, who based themselves in the building of I G Farben, the chemical combine which was split into three. Rebuilding began quickly, too quickly in the view of many who resent the faceless concrete city that Frankfurt quickly became.

But its character had already been changed drastically before the bombing. Under Nazi rule, Frankfurt's Jewish population, active in business, culture and science, was sharply reduced. Before the war, there were 30,000 Jews in the city, more than in the whole of West Germany today. Frankfurt's present Jewish inhabitants number 6,500.

For those charged with governing the city, the demands have sometimes seemed superhuman. Frankfurt used to be called unmanageable. Several post-war mayors died in their offices though job stresses were not the only reason. After the strenuous efforts of post-war recovery, the city became a centre

of left-wing agitation in the 1960s. That has died down, but only a few years ago there were violent demonstrations against the construction of a new airport runway.

In the 1970s, houses in the now-fashionable West End district were occupied by squatters determined to see that speculators did not tear them down and put up new office blocks. Conflict has never been very far away in Frankfurt's past or recent history. A few months ago, the plate-glass windows of several bank branches in the centre were smashed by demonstrators showing sympathy with French students.

Frankfurt has a large university, with a strong left-wing fringe. Politically, however, the scene has been peaceful ever since the conservative Christian Democrats (CDU) wrested control from the Social Democrats (SPD) in 1977. Under its new mayor, Walter Wallmann (now Prime Minister of Hesse), Frankfurt seemed to blossom. It became greener, quieter, and pleasanter. The bombed neo-classical Opera House was extensively renovated. Pedestrian areas were created. The medieval houses on the Roemer square near the river were finally rebuilt. And the city now has an attractive line of museums on the Main's south bank.

Wallmann exercised a soothing influence on a bruised city. Some of the way had been paved by his predecessor, Rudi Arndt of the SPD. But Arndt never managed to live down the image of "dynamite Rudi", stemming from an unguarded moment when he suggested the long-debated issue of the Opera House could best be solved by blowing it up.

Today, the building gives Frankfurt a much-needed architectural and cultural focus. Showing that culture and finance are never far apart in this money-conscious city, the lively elegant twin towers of the Deutsche Bank headquarters are just a stone's throw away, impressive and almost disdainful of the world below.

For wealth, personal or corporate, is not seen as something to be flaunted in Frankfurt, though it is there in plenty. "It was never a disgrace to be rich in Frankfurt," said Walter Heselbach, former chairman of the Bank fuer Gemeinwirtschaft. "But it was always considered bad taste to make a show of one's wealth."

# Being Dutch is not enough

## NOT IN FRANKFURT

Most great international banks are represented in this key financial centre. And these include, of course, AMRO. But mere presence is not enough. In an international banking environment which daily grows more complex and competitive, we aim to keep at the very front.

Amro's international banking operation is fine-tuned to international, commercial and corporate needs. We're structured around them.

In the Federal Republic, Amro Handelsbank AG provides the full range of international banking services and products from each of its nine offices. Why not get in touch and find out just how keen our competitive edge is - and how pleasant we are to deal with.

Amro Handelsbank AG  
Hochstrasse 2, 6000 Frankfurt (Main)  
tel. 069-2999020, Mr. P.A. de Graaf

**Amro Bank**  
Amsterdam-Rotterdam Bank N.V.

ANTWERP • BASLE • BEIJING • BERLIN • BERNE • BOMBAY • BONN • COLOGNE • COLOMBO • DUBAI • DUSSELDORF • FRANKFURT  
GENEVA • HAMBURG • HONGKONG • HOUSTON • JAKARTA • LONDON • LOS ANGELES • MELBOURNE • MONCHENGLADBACH  
MOSCOW • MUNICH • MUNSTER • NEW YORK • PARIS • SAN FRANCISCO • SINGAPORE • SYDNEY • TAIPEI • TOKYO • ZURICH

## We open doors to capital markets.



Mainz Cathedral

An innovative and growth-orientated corporate strategy demands the efficient creation of capital resources. Financial instruments are an essential part of management planning. Bayerische Vereinsbank opens doors to a wide range of options:

- DM capital market through one of the major banks in the primary sector
- Swiss market through the Wirtschafts- und Privatbank in Zurich
- Asian markets through our newly established BV Capital Markets (Asia) Limited in Tokyo

• BV Capital, Inc., New York will serve you in corporate financing throughout the U.S.

Take advantage of our experience in raising equity and debt.

Bayerische Vereinsbank AG  
Frankfurt Branch  
Blendenstrasse 12  
P.O. Box 100327  
D-6000 Frankfurt am Main 1  
Telephone (069) 2174-1  
Telefax 416719 bvf d  
Telefax (069) 2174-357

Bayerische Vereinsbank AG  
Head Office Munich  
Investment Banking  
Kardinal-Faulhaber-Strasse 1  
D-8000 München 2  
Telephone (089) 2132-1  
Telefax 52861-0 bvf d  
Telefax (089) 2132-6293

**BAYERISCHE VEREINSBANK**

Our international network: Athens, Atlanta, Beijing, Budapest, Caracas, Chicago, Cleveland, Grand Cayman, Hong Kong, Johannesburg, London, Los Angeles, Luxembourg, Madrid, Manama (Bahrain), Milan, Modena, New York, Paris, Rio de Janeiro, São Paulo, Tehran, Tokyo, Zurich.

## FRANKFURT 2

## Domestic banks

## Others follow to home of the Bundesbank

BONN MAY BE the political citadel, but Frankfurt is undoubtedly West Germany's financial fortress. That dominance, established after the Second World War, has sharply increased in the past two years thanks to the Bundesbank's step-by-step reform of Germany's capital markets and international investment banks' increasing appetite for representation in the world's main markets.

Add to that Germany's status as a leading trading nation, the Deutsche Mark's traditional strength, and its increasing de facto role as an international reserve currency - once resisted strongly by the Bundesbank - and the importance of a Frankfurt presence becomes all the clearer for domestic and foreign banks alike.

Though Frankfurt was known for private banking in the nineteenth and early twentieth centuries, Berlin, Hamburg, or the fast-industrialising Rhineland were where the real banking action tended to take place.

Frankfurt really came into its own as a domestic banking centre after 1945. Its convenient location at the centre of Germany persuaded many domestic banks to establish their new headquarters on the Main. Some were also influenced by the fact that Bonn was intended to be a temporary capital only, pending a final decision on a new site, which most expected would be Frankfurt.

The city was also boosted by the decision to set up the Bundesbank in Frankfurt. Last month the central bank celebrated its thirtieth birthday here.

So it is no surprise that the present towering headquarters of Deutsche Bank, Dresdner Bank and Commerzbank - Germany's three biggest private-sector banks - should now be Frankfurt landmarks. Indeed, it is hard to imagine them anywhere else.

But the big three are by no means alone here. Deutsche Genossenschaftsbank, which is the central bank for Germany's co-operative banking movement, also has its skyscraper HQ here. So does Bank fuer Gemeinwirtschaft, a major national bank which used to be owned by the country's trade union movement before it ceded ma-

jority control to the Aachener and Muenchener insurance company earlier this year.

Frankfurt is also the home for Hessische Landesbank (Helaba), the main public-sector bank for the state of Hesse. Though Wiesbaden, 30 minutes drive to the west, is actually the state capital, Frankfurt is by far Hesse's biggest city and the obvious choice for Helaba's HQ.

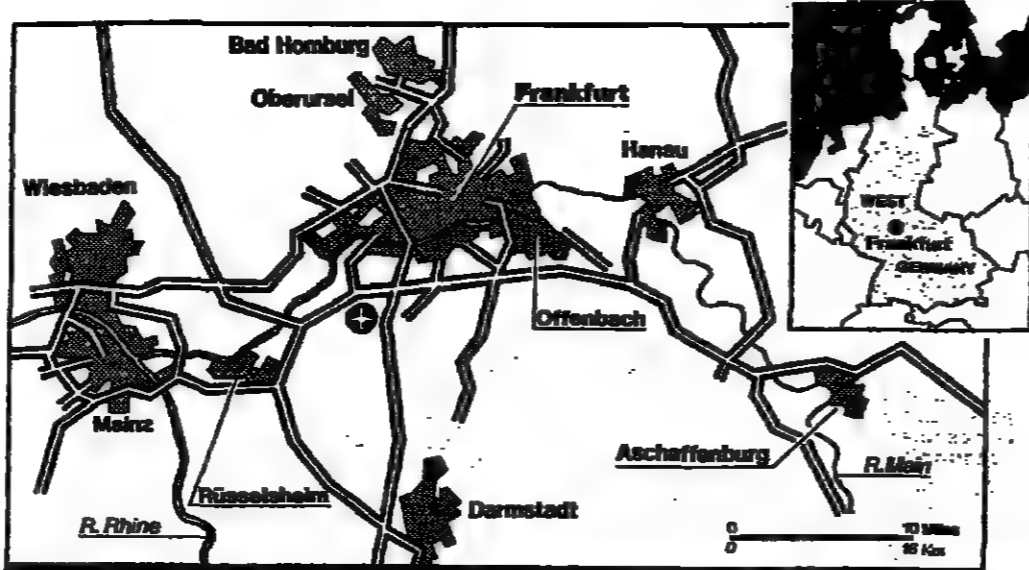
All Germany's leading regional banks also maintain sizeable Frankfurt operations. Cologne-based Westdeutsche Landesbank has a large branch, while the big three Bavarian banks, Bayerische Vereinsbank, Bayerische Hypothekbank and Bayerische Landesbank, are also active.

For some time, Bayerische Vereinsbank has been sitting on a prime piece of real estate in the middle of Frankfurt's main banking avenue. After repeated denials, it recently announced that it intends to develop the site and shift much of its investment banking and securities operations to Frankfurt. The bank is only bucking the trend in that its planned building will be a mere 12-storey tiddler on a street that is turning into Frankfurt's Manhattan with its towering bank blocks.

Indeed, the decision of a string of smaller regional banks to set up new trading and investment banking operations in Frankfurt has been one of the most interesting developments on the domestic banking front in recent months.

Norddeutsche Landesbank, one of Germany's biggest public-sector banks, based in Hannover, is establishing a securities operation in Frankfurt. The bank intends aggressively to use the chances Frankfurt has to offer, said Mr Bernd Thiemann, its chief executive.

Among other new regional rivals is Deutsche Siedlungs- und Landesrentenbank, the state-owned financial institution which is now a commercial bank in all but name. DSL Bank is to establish a small 10-man securities trading office. Bankhaus Lampe, based in Bielefeld and 25 per cent owned by DG Bank, is taking the same step. So too is Hamburg-based Ver-



eins-und Westbank; its new Frankfurt operation will give equal weight to securities, trans-regional and international business, according to a spokesman. And Marcel Stein, the Hamburg-based bank which is majority owned by Banque Indosuez of France, will probably be setting up a satellite operation for investment banking and 'just to be seen', according to a senior man.

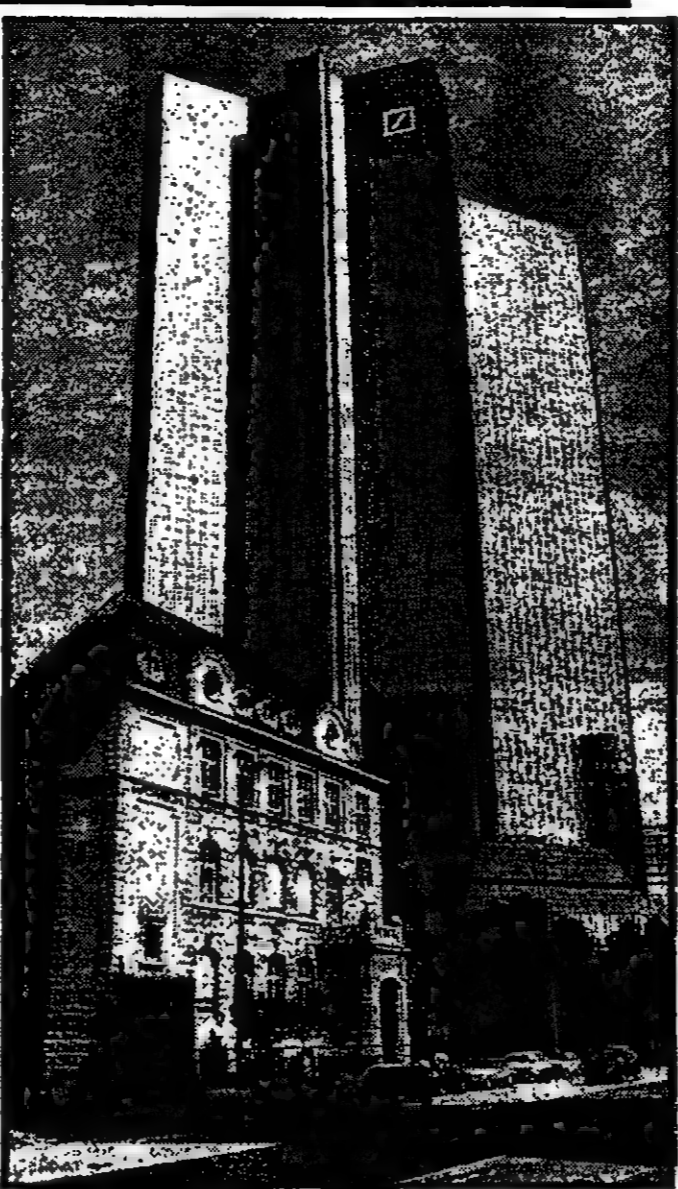
Though most of the banks concerned are small to medium-sized, the weight of such decisions should not be underestimated. Regionalism runs deep in Germany, and few banks will have taken the decision to set up even a small Frankfurt trading operation lightly.

Their reasons for coming to Frankfurt partly stem from the Bundesbank's presence, and partly from the fact that the city's stock exchange is by far the largest in Germany, accounting for a little over 50 per cent of overall stock and bond turnover.

The soaring value of shares in 1985 and 1986 probably helped to strengthen Frankfurt's hand, as did the vast growth in federal government bond business. Though both markets have been highly influenced by the weight of foreign buyers, almost every domestic bank with serious pretensions in securities now feels it needs to be represented in Frankfurt too.

Of course, German securities can often just as well be traded on whichever of the eight regional bourses is most convenient for a given regional bank. But executives in many houses have come to recognise the advantage of being here not just to trade stocks, bonds and foreign exchange, but also to have a listening post for picking up the latest news and market gossip.

Heig Simonian



The bank towers of the Deutsche Bank

## Foreign banks

## Most banks are foreign

FOREIGN BANKS in Frankfurt are hard to miss. The city now boasts some 373 banks, 255 of them foreign. Some have been here for decades, while US leaders like Citibank, Chase Manhattan and Morgan Guaranty first set up shop soon after the Second World War, when Frankfurt was the centre of the US zone of occupation.

The military connection is still there. American Express Bank, based in Frankfurt, caters for the everyday banking needs of the very large US military presence in Germany, although it will soon have to hand over the reins.

Swiss, French and Spanish banks are also well-represented, as are the British, though they can sometimes inadvertently be overlooked. Lloyds Bank, for example, a couple of years ago bought Schroeder, Muenchmeyer, Hengst, a leading private house, in what, with the benefit of hindsight, was a very smart move.

Others have also been acquiring. In February, Spain's Banco Santander bought C C Bank, a 30-branch consumer finance operation from Bank of America, along with the Visa credit card franchise, as part of its plans to expand its German business after Spain's membership of the European Community.

But there is more to banking in Frankfurt than just the leading US and West European groups. The numbers of smaller banks from the Far East and the developing world have also been growing considerably.

Most used to head for Hamburg, Germany's main port, and some still do. But a combination of Frankfurt airport's importance in international airfreight and the city's existing role as a centre for import-export business has meant more of those interested in trade finance have been heading straight for the Main.

What do all the foreign banks do? The smallest are happy to maintain a representative office, show the flag, develop contacts and keep their ears to the ground. A number of overseas central banks, such as those of Uruguay and Argentina, also have rep offices here for the same reasons.

Trade finance is bread and butter for many of the bigger foreign houses. Most are also active in foreign exchange trading since Frankfurt is the fourth or fifth largest forex market in the world.

The poor reputation of most West German banks in foreign

exchange trading until relatively recently helped many foreign banks to make a mark in an otherwise very competitive and overbanked banking market. German banks are becoming more competitive in currency trading, but the foreigners - notably US institutions - still have a lead thanks to keen marketing and pricing.

In the past two years, however, investment banking has been the biggest draw for foreign houses as the Bundesbank has gradually reformed the German capital markets.

First on the list was the abolition of withholding tax on securities in April 1984, followed in May 1985 by the go-ahead for a host of new instruments like swaps and floating rate notes.

At the same time, all foreign houses - bar the Japanese - were given permission to lead-manage Deutsche Mark Eurobonds. In April 1986, the federal government bond underwriting consortium was widened to include over 20 foreign banks.

Their enthusiasm for underwriting is hardly surprising, well over 80 per cent of new federal bond issues now end up in foreign hands, and some put the figure as high as 80 per cent. Moreover, only this year did the West German stock market end a seemingly unstoppable two year bull run, largely fuelled by investors from abroad.

As the country's financial capital, it is hardly surprising that the new foreign investment banks have set themselves up in Frankfurt. Moreover, many existing foreign commercial banks have been building new investment banking departments or expanding those they already have.

Apart from the US banks, the Swiss are among the best entrenched in investment banking houses, being early arrivals. After buying Effectenbank-Warburg, an established Frankfurt name, Credit Suisse created CSFB-Effektenbank, an investment banking operation modelled on the extremely successful Credit Suisse-First Boston in London.

Union Bank of Switzerland, which also bought a bank, has a solid, if less exciting, reputation, while Swiss Bank Corporation, starting from scratch, has attracted a number of senior German bankers and now employs well over 300 in Frankfurt. Bucking the trend of closing down commercial banking branches in other parts of Ger-

many, it is thinking about opening another office, probably in Munich.

This year has seen the arrival of some top Wall Street names. Salomon Brothers officially opened at the start of February, though they had actually been in town since last summer. Pinched for space in its offices in Deutsche Bank's old headquarters, Salomon will be moving around the end of this year to bigger premises in DG Bank's skyscraper. Meanwhile, Morgan Stanley officially started business in Frankfurt on June 1.

Merrill Lynch, which is already well represented in Germany through its offices selling US equities to institutional and private investors here, is also applying for a banking licence; its investment banking operation should be running by early next year.

Meanwhile, Goldman Sachs and Shearson Lehman Brothers are keeping mum about their plans for Germany, though Shearson has already hired a high-ranking Mark Eurobond, a privilege the Bundesbank has withheld until all the West German banks applying for securities licences in Tokyo have been satisfied.

Unlike the Japanese commercial banks, which have tended to head for Dusseldorf, Japanese investment banks and securities houses have all come to Frankfurt. Another 10 or so Japanese houses are said to be keen to open here once the rules about lead-managing Deutsche Mark Eurobonds are changed.

All the arrivals have put further pressure on Frankfurt's already scarce central office space. Though not yet on a par with London's Big Bang, the inflow has also increased the demand for good securities staff, appreciably pushing up salaries.

Some German bankers are unhappy about that. But the brighter side is that the newcomers have added depth to Frankfurt's financial markets - and perhaps some richness to city life as a whole - while confirming its dominant position in West German finance.

Heig Simonian

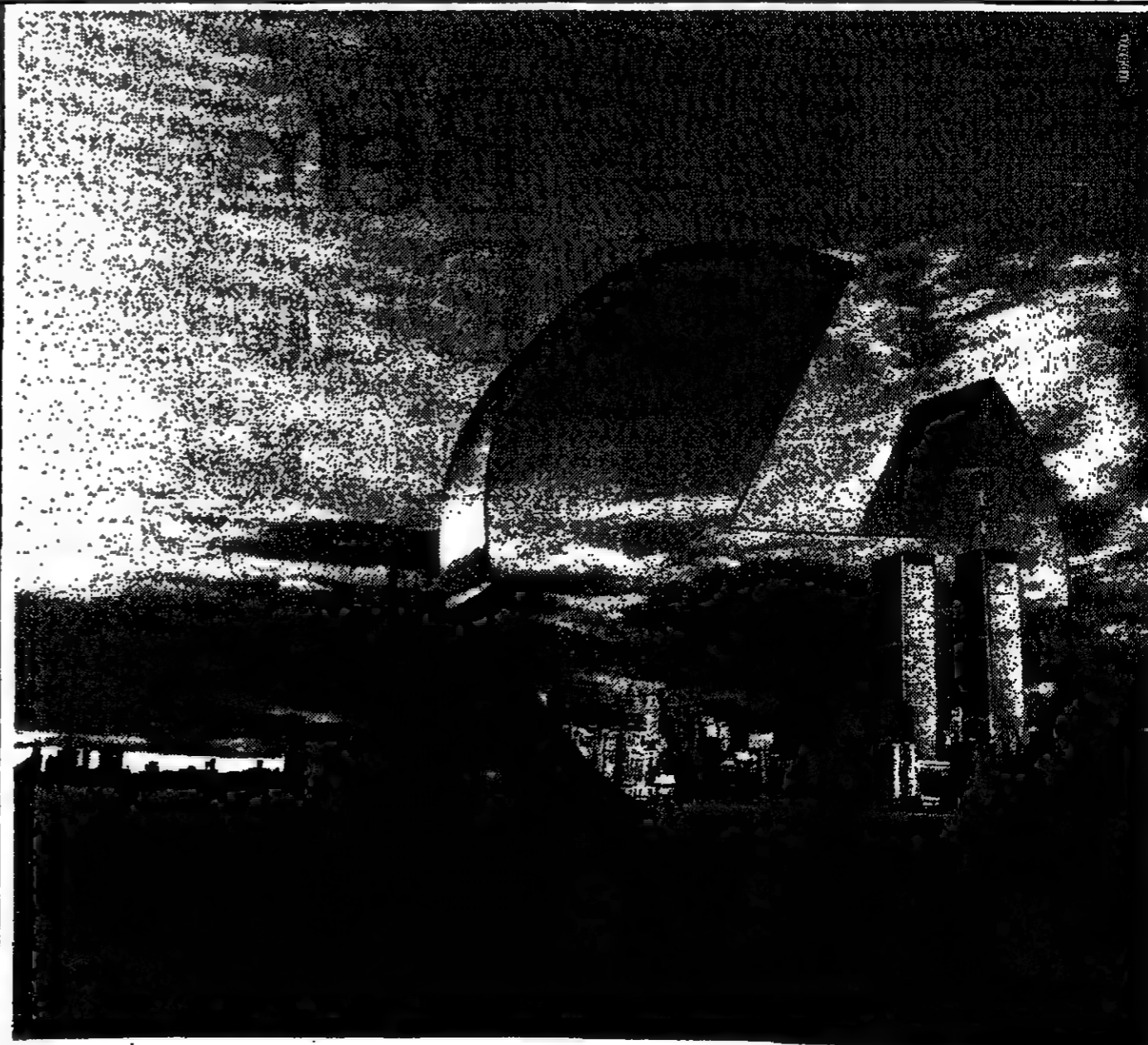
## Frankfurter Allgemeine

ZEITUNG FÜR DEUTSCHLAND

»... the daily  
which just about  
every German business  
executive feels  
he must read.«

Financial Times, London

Frankfurter Allgemeine Zeitung, P.O. Box 10 08 08, D-6000 Frankfurt am Main 1, Telephone 7 59 10  
U.K. Advertisement Office: 10 Hans Crescent, London SW1X 0LJ, Telephone: 01-235 7962



No foreign market can be tapped from afar.  
Let's start at the heart.

Without actually being on the scene, not even the astute observer of distant markets can always differentiate between cause and effect. In-depth insights into market dynamics evolve only from an active on-site presence.

That is why DG BANK maintains its own branches in the world's key business centres. The benefit for our partners: timely

intelligence on new developments, enabling you to judiciously avert risks and capitalise on opportunities.

Together you and we explore trade prospects, analyse your product's sales potential. We establish the vital contacts for you, and provide access to attractive new sources of capital.

Head Office: DG BANK, P.O. Box 10 06 51,

Am Platz der Republik, D-6000 Frankfurt am Main 1, Federal Republic of Germany. Telephone: (69) 74 47-01, Telex: 412 291.

Offices in: New York, Los Angeles, Atlanta, Rio de Janeiro, Hongkong, Singapore, Tokyo, Kuala Lumpur, London, Luxembourg, Zurich, Geneva, Budapest.

The broadly based Bank.

DG BANK

## FRANKFURT 3

Andrew Fisher profiles Bundesbank President Karl Otto Poehl

## Playing a key world role

IN THE 10 years that Karl Otto Poehl has been in Frankfurt at the Bundesbank - nearly eight as President - he has brought a new, more open style to the West German Central Bank. (It received an unexpected test last month when one of his secretaries was investigated for alleged co-operation with a fugitive foreign exchange dealer sought in connection with the Volkswagen currency fraud.)

It is not necessarily a style all find suitable. German bankers in general tend not to be the most outgoing of people, and some have found Poehl rather lightweight. But his easygoing, pragmatic approach has mostly gone down well at home and abroad, contrasting with the stiff image central bankers often convey. Now confirmed in office for eight more years, Poehl will continue to play a key role on the world's stage.

Apart from watching over his country's money - to Poehl and his five fellow Bundesbank directors, financial stability is paramount - he has been keen that Frankfurt should improve its status as a financial centre.

Thus the bank has swept away most remaining curbs on foreign bank activities in the capital market. Poehl, 57, a one-time economic journalist who became a state secretary at the finance ministry in Bonn, welcomes the procession of non-German banks "which have followed our call or invitation and come to Frankfurt."

Even so, he reckons there is more to do, mainly on the legislative side by permitting futures and traded options business and doing away with the stock exchange turnover tax, which inhibits secondary market trading. He is irked that

chancellor Helmut Kohl's centre-right Government did not remove this tax, as promised, after the January election.

"It is very regrettable because it hinders the development of Frankfurt as a financial centre," he says. The tax yields some DM500m a year to the Government, far more than a few years ago before securities markets took off in Germany. But the revenues lost through dropping the tax would, bankers argue, be outweighed by the impact of the extra business gained from centres like London or Luxembourg.

Some foreign bankers reckon German institutions have been slow to take advantage of the new instruments that the Bundesbank has allowed like certificates of deposit, floating rate notes, and zero coupon bonds. Loyal, Poehl claims not to

be bothered by what many see as the innate conservatism of the big German banks. "Two no complaints," he says. They have built up their foreign activities, he points out - last year, Deutsche Bank paid \$603m for Banca d'Italia - and have a strong financial basis, with a generous measure of hidden reserves tolerated by German accounting laws.

Also, the big German universal banks encompass a variety of activities like investment banking and industrial stakes that are not permitted in, say, the US. "So German banks do not have to jump into every new innovation."

Having set the signal at green, the Bundesbank has to wait and see how markets develop. Poehl is keen that Finanzplatz Deutschland (Germany as a financial centre) should continue to grow, despite vigorous competition from London, Paris, Zurich and Amsterdam. "It is an important economic factor for Frankfurt and for Germany."

Yet Germany is subject to strong centrifugal forces from its individual states, inevitable in a country with no big capital city like pre-war Berlin. "In Germany there is always a certain tendency to regionalism, which can become mere provincialism," he says. Frankfurt has become the dominant banking centre, the stock exchange structure remains decentralised.

Provincialism also has a more direct bearing on the workings of the Bundesbank, which is legally independent of the gov-



Poehl: his approach has gone down well

## The Frankfurt market is one of the oldest in Germany, writes Haig Simonian

## Change at the exchange

ONLY THE cranes towering above it give some idea as to where the DM60m currently being spent on renovating the Frankfurt stock exchange is going. Otherwise, apart from some unseemly temporary offices blocking its facade, it is business as usual at the bourse.

The Frankfurt market is one of the oldest in Germany, dating back over 400 years to the days when the city was a key trading centre for merchants from Germany's myriad principalities - and further afield - who met conveniently on the banks of the Main to fix exchange rates and trade their goods.

Things have changed a lot since, though some local money people think they have not gone far enough. Kipping out the inside of the exchange to make more space is a start. Developing new markets - for example in financial futures and options - is a further step. But the pessimists are worried that even those may not be enough to prevent business slipping away to other centres, notably London, because of continuing obstacles like Germany's stock exchange turnover tax.

Others in Frankfurt are tempted to sit on their laurels. The market is already the biggest in West Germany, they say, accounting for over 50 per cent of combined equity and bond turnover. Düsseldorf follows with around 30 per cent, then Hamburg or Munich, which squabble over third place. Stock exchange business in Frankfurt is no longer the pre-

serve of Germany's small private banks, which have declined sharply in number, especially since the 1930s, when many Jewish private bankers fled abroad.

However, contrary to the common belief that Germany's big commercial banks have a stranglehold over equity trading, private banks still play a surprisingly important role in stock and bond trading on commission.

"The big banks do no more than 40 per cent of the business," says one well-informed banker. Given the importance of the bourse, Frankfurt-based private banks are particularly active. Berliner Handels- und Bank (BHF Bank) is predominant in the market, though Schroeder, Muenchmeyer, Hengst and smaller houses like Mettler and Georg Hauck are also active.

Meanwhile, whatever its present physical shortcomings, foreign banks and securities companies have been drawn to the Frankfurt exchange in the past two years. Overseas money has largely been behind the climb in German share prices since 1985, while foreigners now account for well over half of new federal government bond issues. So it is no surprise that non-German securities houses have been keen to be more closely involved in the business.

But first-time US or UK visi-

tors to the Frankfurt stock exchange may find things rather quiet if they time their arrival badly.

Admittedly, there is still an active trading floor, unlike post-Big Bang London. Rather than trading via specialist market makers, German stock exchanges use a matched bargain system to set share prices when buy and sell orders are brought together during their short official opening periods. But anyone coming on the wrong side of 11.30 - when official trading opens - and 1.30, when it closes, is in for a let-down. Outside those times, the market is utterly quiet, with trading taking place over the phone between banks and dealers.

Some, such as Mr Michael Hauck, the chairman of the Frankfurt stock exchange, are firm believers in the existing system on the grounds that it offers greater transparency than using market makers. Moreover, they argue that the transparency it offers means control by outside regulators can be kept to a minimum.

But Frankfurt dealers may in time have to get used to a novel way of doing things if plans for a new computerised traded options market come off. Matched bargains are no use for equity options, which need continuous trading in the optionable shares and a system of specialist market makers. If a new options market ever opens, then banks may in time wonder whether physical equity trading should go the same way.

## Frankfurt and its mayor

## Planning well into the future

MR WOLFRAM Brueck, Frankfurt's mayor since August 1986, is looking ahead. Not just to next week or next month, but much further. The first big date on his calendar is 1989, when Frankfurt will hold the "Bundesgartenschau", the federal German garden festival, which is a big event in the life of all West German cities.

Then comes 2004, when the town hopes to stage the Olympic Games. Mr Brueck would love to do it sooner, but earlier slots look unavailable. By far-sighted planning, he hopes to have more luck in his application than last year's well-engineered but ultimately unsuccessful bid by Birmingham, Frankfurt's UK twin.

Mr Brueck's emphasis on looking ahead is more than just another example of German thoroughness, however. He has had a hard act to follow in Mr Walter Wallmann, the Christian Democrat politician who first wrested Frankfurt from the Social Democrats in 1977. Mr Wallmann went on to become federal environment minister in Bonn before returning triumphantly to Wiesbaden, the state capital, as the new Prime Minister of the state of Hesse in April.

Mr Brueck, aged 58, sometimes has to fight criticism that, while an able administrator, he lacks Mr Wallmann's vision and charisma. That may be unfair, but there is no denying he has had the advantage of taking over a city that is enjoying something of a renaissance.

Developments in international finance have played some part, with domestic and foreign banks flocking to Frankfurt. But

the city fancies itself as more than just a money centre and more like Germany's capital for service industry as a whole.

Mr Brueck and his fellow councillors have certainly spent lavishly to make Frankfurt more attractive and pleasant to live in, even if wartime bombing has made that an uphill task. Improvements are still being made to the already outstanding underground and local railway system, while further areas are being pedestrianised and more trees, it seems, are planted all the time. The way things are going, the place is in danger of turning into a forest in a couple of decades.

Mention the once high-class and now slightly seedy streets around the main railway station, however, and Mr Brueck is instantly on his guard. The area is instantly transformed into a red-light district and attracts visitors ranging from the disreputable to the plain curious and the simply lost.

Mr Brueck quickly rejects suggestions that the area is the "tail in the soup" of an otherwise highly efficient but rather antisocial town centre. "The area has 16 times more crime than anywhere else in Frankfurt," he says. You are not encouraged to comment further.

The city council has just won a long battle to uproot the vice and "rehabilitate" the district. The reasoning is understandable, but the likely transformation from a den of sin to a web of banks, insurance companies and designer boutiques is not to everyone's taste.

Architecture is a special subject for Mr Brueck. Unfortunately Frankfurt was no beauty



Mr Wolfram Brueck

contests, but its skyscrapers now seem to be "fit" after years of derision. The city is keen to give itself a US-style "skyline", although "the new buildings must be of the highest architectural merit," says Mr Brueck.

Foundation work is already under way for the new tower at the Frankfurt fair. However, it is only one of about half a dozen projects which seem likely to be translated from the drawing board into reality. All have their merits, though opinions differ on whether the project for a new "Campanile" by the station wins awards for the most lyrical or pretentious name.

Mr Brueck admits some of Frankfurt's earlier skyscrapers could have been better designed. But "many new projects are being judged through competitions now," he says. And he emphasises the council is wary of sanctioning too much high-price, high-rise development for fear of driving up rents in the immediate neighbourhood, thereby damaging the business mix in any given area.

After years of being knocked by other German towns as an example of precisely what they are not, Frankfurt has been getting some envious looks of late. It could be that even being its "administrator" is no bad thing.

Haig Simonian

## A strong partner in London for trade and export financing



Helaba Frankfurt is on the spot to serve U.K.-based companies.

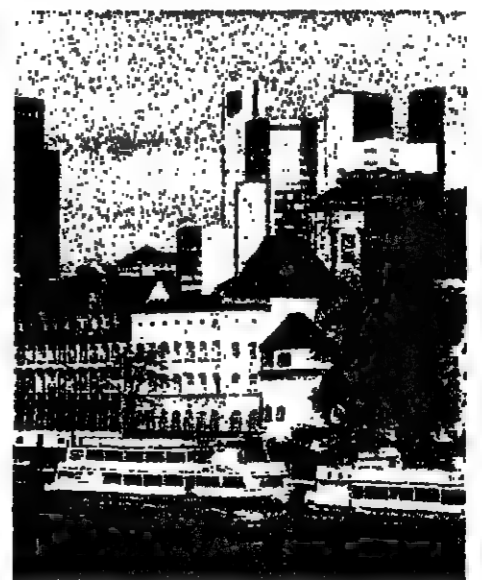
Companies in the U.K. value the creative capabilities of Helaba Frankfurt, one of West Germany's leading banks with total assets of some DM 69 billion. A government-backed wholesale bank based in Germany's financial capital, Helaba Frankfurt operates as a full-service branch in London - one of the City's oldest German-owned banking outlets.



Tailor-made services for U.K. customers is a major strength.

Whether U.K. or international, the services of Helaba Frankfurt include expertise in DM-related money market and foreign exchange transactions, acceptances, trade bills, medium and long-term fixed rate financing.

Companies trading with West Germany or other countries benefit from Helaba Frankfurt's proven experience in all aspects of trade and export financing - and from the Bank's strong links to all sectors of the German economy via the nation's vast savings banks organization.



Helaba Frankfurt is in the heart of Germany's financial capital.

If you require a strong partner for financing in sterling, DM, or U.S. dollars, just contact us in London.

Frederick R. Hopson  
Klaus J. Schreiner  
General Managers

Helaba Frankfurt  
London Branch  
8, Moorgate, London EC2R 6DD  
Tel. (01) 726 45 54 - Tx. 88 75 11

## CRM

CAPITAL RESEARCH + MANAGEMENT GMBH  
Frankfurt London

FOR INSTITUTIONAL INVESTORS  
our independent team specialises in  
THE GERMAN & SWISS  
EQUITY MARKETS

Head Office:  
Grüneburgweg 102  
D-6000 Frankfurt 1  
Tel: 069/597 0311/0368  
Telex: 4170672 crm d  
Telefax: 069/597 0663

London Office:  
27 Throgmorton Street  
London EC2N 2AN  
Tel: 01-628 3241  
Telex: 914055 crmlnd g  
Telefax: 01-588 3069

## Timing is the Essence of Investment Banking

25 years ago, when IBJ came to Frankfurt hardly anybody envisaged the leading role this city would play in the international capital markets. Today IBJ's clients in the corporate, investment and public sector appreciate the specific know-how and experience of one of the best established foreign banks in Frankfurt.

**IBJ**

INDUSTRIEBANK VON JAPAN  
(DEUTSCHLAND) AG

INDUSTRIEBANK VON JAPAN (DEUTSCHLAND) AG - Headoffice: 13-15 D-6000 Frankfurt am Main 1 - Telex: (069) 71433-0 - Bank 141433 Ingolstadt

**Helaba Frankfurt**  
Hessische Landesbank-Girozentrale

## FRANKFURT 4

## Manufacturing

## A centre for industry

FRANKFURT IS not all banks, bonds and bourse trading. It also makes things. The city lies in the centre of a major industrial region, which houses some of the biggest, best-known and most international manufacturing concerns in Germany.

Along the bank of the River Main is the headquarters and plant of the largest chemical concern in the world, Hoechst. AEG, the electrical and electronics concern which is now part of the Daimler-Benz group, also has its base in Frankfurt. Metallgesellschaft, rapidly expanding its worldwide mining and metals activities, is in the city, along with Lurgi, its engineering subsidiary, as are metals and chemical firms Degussa and Ruetgerswerke.

Within easy reach of Frankfurt are Wiesbaden, Mainz, Offenbach, Hanau and Darmstadt, all towns in their own right with a variety of industrial activity. Opel, the big car company owned by General Motors of the US, is based in Rueselsheim, to the south-west of Frankfurt. Linde, the engineering and industrial gases company, has its headquarters in Wiesbaden.

Altogether, the Rhine-Main area provides industrial jobs for 650,000 people. In Frankfurt itself, there are some 100,000 jobs in industry, about twice those in banking and finance. Hoechst accounts for over a quarter of these.

Including research and wholesale activities, Frankfurt is the largest chemical site in Germany. The towns dominated by the other two big German chemical groups, Ludwigshafen (further south) with BASF and Leverkusen (to the north) with Bayer, are one-company towns without the wider spread of activity the industry has in and around Frankfurt.

Frankfurt has always looked beyond its regional and national borders, with a tradition in trade and industrial fairs going back several centuries. But it was not always so industrially-minded as today. Before Germany was split into two after the last war, it was the Berlin stock market that was the most prominent dealer in industrial shares. Frankfurt was more interested in bank and railway stocks than in manufacturing.

If the history of this century

had developed differently, and less painfully, Frankfurt's industrial structure would probably look very different. The city would most likely still be the controlling point for the whole German chemical industry, since the mighty IG Farben - then combining the whole German industry - built a vast headquarters there in the late 1920s. Instead, IG Farben was split up (see below). Also as a result of the war and the uncertain status of Berlin in the late 1940s, AEG - then known as AEG-Telefunken before its financial crisis and near collapse in the early 1980s - shifted its headquarters to Frankfurt. Siemens, the other big electrical concern, moved further south to Munich.

Altogether, the chemical industry in the Rhine-Main area has an annual turnover of some DM25bn, accounting for more than 14 per cent of the total chemical sector. Merck in Darmstadt and Boehringer in Ingelheim are other important chemical companies in the region.

Other key industries in and around Frankfurt are electron-

## Top industrial companies in Rhine-Main area

Company	Product	Headquarters	Local jobs	Total turnover DM bn
Hoechst	Chemicals	Frankfurt	28,000	38
Opel	Cars	Rueselsheim	31,000	15
Degussa	Metals, Chem	Frankfurt	8,700	11
Metallgesellschaft	Metals, Eng	Frankfurt	5,400	10
AEG	Electricals	Frankfurt	5,500	11
Holzmann	Construction	Frankfurt	1,600	8
C.H. Boehringer	Chemicals	Ingelheim	5,000	4
Linde	Eng, Gases	Wiesbaden	3,700	4
E. Merck	Chemicals	Darmstadt	7,800	3
Heraeus	Metals, Eng	Hanau	6,000	3
Telenorma	Electronics	Frankfurt	7,000	2
Messer-Griesheim	Engineering	Frankfurt	2,300	2
Wella	Cosmetics	Darmstadt	1,500	2
Rohlen	Chemicals	Darmstadt	3,800	2

Note: Turnover is worldwide. Metallgesellschaft includes Lurgi Engineering subsidiary.

ics, engineering and foodstuffs. Exports by the 2,800 industrial companies in the Rhine-Main area exceed DM30bn, nearly a third of their total turnover of around DM90bn. Leading the export field is the chemical sector, followed at some distance by engineering, and the electricals and electronics industry.

Foreign companies, notably from the US and Japan, have

come to the area in force. Britain's Davy Corporation owns Zimmer, a Frankfurt-based company which specialises in building plants for polymer and fibre manufacture. Showing the emphasis on technology and science-based activities in the region, a quarter of Zimmer's 500 employees work on research and development - more than in any other Davy operation.

Next to the manufacturing heavyweights is a thriving advertising industry, bigger than those of Düsseldorf or Hamburg. Frankfurt is the advertising capital of Germany, with around 300 agencies employing 10,000 people and accounting for 40 per cent of the country's total billings.

It is also a leading newspaper city, with two major dailies - the severe Frankfurter Allgemeine Zeitung (circulation 840,000) and the more snappy Frankfurter Rundschau (390,000) - and the Frankfurt edition of Bild (225,000), whose stories scream out from the page. A special newspaper, Hurryjet, is produced for the large number of Turkish workers in Germany, while the securities industry has its own, often impenetrable, daily, the Boersenzeitung. Also printed in Frankfurt is the international edition of the Financial Times.

Germany's, and the western world's, biggest trade union, IG Metall, has its headquarters in Frankfurt, as do some smaller unions. The associations of the motor, engineering, and electrical industries are also there.

Andrew Fisher

Andrew Fisher

## Frankfurt airport

## High flying business

IF YOU are short of something to do on a rainy day or dull weekend you could take in a feature film (English or German language), prop up a bar, eat some Italian or Chinese food, or just settle for a Big Mac. Or you could dress up for a wild night out at a fashionable disco.

Where in Frankfurt could you do all this plus pick up some last-minute shopping at times when normal stores are shut? The answer is at Frankfurt airport, which claims to have enough facilities to support a town of 100,000 people. There is even a Harrods mini-store, the only one outside London, apart from one at Heathrow.

English expatriates, nostalgic for the mixture of news, scandal and sport that makes up the Sunday papers can usually pick them up at the airport. In fact, the answer is at Frankfurt airport, which claims to have enough facilities to support a town of 100,000 people. There is even a Harrods mini-store, the only one outside London, apart from one at Heathrow.

For spiritual rest after all this, you can visit the chapel. Talking strictly business, however, the airport is not only the busiest in Germany, but also in continental Europe. It is second to London's Heathrow in terms of passengers (and thirteen in the world), but outdoes it in freight, where it is number three internationally after New York and Los Angeles.

With 41,000 employees, nearly 8,000 working for the airport company itself, it is the biggest job provider in the state of Hesse, ahead of Opel cars and Hoechst chemicals. It accounts for about 5 per cent of the state's economy.

Under its chairman of the last 16 years, Erich Becker, Flughafen Frankfurt Main AG (FAG), the operating company, is run along hard-headed commercial lines. It eschews subsidies, though it is state-owned, with the Federal Government holding 26 per cent of the shares, the state of Hesse 45 per cent, and the city of Frankfurt 29 per cent. Last year, it made a net profit of DM70m on turnover of DM1.1bn.

Up to the end of the century, the airport plans to invest around DM5bn, nearly half on a new terminal to absorb expected passenger growth. It currently handles just over 20m passengers a year, averaging some 55,000 a day and rising to



Lufthansa accounts for nearly half the traffic

over 35,000 in peak periods. Around the year 2000, traffic should be between 32m and 35m people a year.

Frankfurt's importance as a centre of transport activities, which employ some 75,000 people overall, stems more from its location than its hinterland, economically significant though this is. Lying strategically on north-south and east-west routes, the city also functions as a key conduit for rail and road traffic.

Its railway station is Germany's busiest, handling 250,000 passengers a day. And the stream of traffic through the Frankfurt-Kreuz motorway junction totals more than 220,000 vehicles daily.

The airport can boast its own impressive array of statistics, with 5,000 flights a week going to 200 destinations in 90 countries and operated by 90 scheduled airlines and 170 charter companies. Lufthansa, the German national airline, accounts for nearly half of the airport's business. One in two of Frankfurt's passengers is transferring between airlines, with the airport guaranteeing a changeover time of 45 minutes, faster than any other world terminal of similar size.

While not exactly bursting at the seams, Frankfurt's capacity is seriously stretched. Hence the ambitious investment programme to fit the 51-year old airport for the 1990s and early

part of next century. "We have to fulfil our duty," says Becker. "This means we have both to secure our position and also build it up. This is not an egoistic goal of the FAG. We have to consider our task in relation to the Government, the state, and the airport needs of the country."

Becker, 67, came to the airport when it had run into difficulties back in the late 1980s over its ambitious expansion plans. In those days, it handled around 6m passengers a year. Because of the high proportion of transfer passengers, everything was put in one big new DM1bn terminal.

It is part of Becker's commercial concept that the airport should pay its way not just through airline fees, but also through rental and retail concessions. These account for some 20 per cent of turnover, a share which is likely to rise when the new terminal is ready in five years.

Before that, early next year the airport's commercial and shopping facilities will be considerably enhanced by the new DM200m Frankfurt Airport Center. Backed indirectly by Siemens, this complex is aimed at giving the airport an even greater commercial thrust. Service says Becker, is the key to the airport's success.

Andrew Fisher

## Profile: Hoechst

## World's largest in chemicals

IT BEGAN as a small dyeworks, moved into medicines at the turn of the century and later became part of the notorious IG Farben, split up by the allies after the last war. Today, Hoechst is the world's largest chemical company, having just taken a giant stride with the DM2.85bn purchase of Celanese in the US.

In the Frankfurt area, Hoechst is the largest employer, with 28,000 people. It also sponsors Eintracht Frankfurt, the first-league football team. Worldwide, it provides work for over 180,000, has a turnover of some DM40bn, and made pre-tax profits in 1986 of DM3.5bn. Its products include pharmaceuticals, paints, fibres, and plastics.

Its headquarters are in the town of the same name on the north bank of the River Main. Hoechst, which also has an attractive historic section, was incorporated into Frankfurt in 1928, when the company took

the town's name. The group began in 1863 as the dye factory of Meister, Lucius and Bruning, later becoming famous for its synthetic dyes.

IG Farben was formed in 1925, though the German chemical industry had been cartelised earlier in the century. Under the Nazis, initially wary of the big industrial group because Jews (later removed) were on its supervisory board, IG Farben became a major economic force. It was the biggest company in Germany and the world's strongest chemical concern. Since it was also involved in some of the worst human abuses during the Third Reich - its top executives were sentenced at Nuremberg - it was divided after 1945 to reduce its power.

The resulting companies became the "big three" of the German chemical industry, the others being Bayer and BASF. It was not long before each was larger than the old IG Farben -

the impressive sandy-coloured former headquarters building now houses US forces in Frankfurt.

Today, the big chemical companies tower above many of their international rivals. Hoechst, in which Kuwait Petroleum holds a 24.9 per cent stake, lagged behind its German competitors in the US before buying Celanese, a fibres, plastics and chemicals company. The deal puzzled some analysts. They thought Hoechst was not only paying too much for the US company, but also becoming more involved in commodity fibres, an area from which it had been withdrawing.

The purchase of Celanese added \$2.9bn to the \$1.7bn sales of its transatlantic subsidiary, American Hoechst. Mr Wolfgang Hilger, the group's 57-year old chairman, said it was "a big step into the future". It would, he added, strengthen Hoechst's long-term profits potential with-

out weakening earnings in the short term.

Also, it would put Hoechst in a much better strategic position in the vast US market, where the costs of setting up new operations are extremely high. Celanese has a strong research thrust in technical fibres and engineering plastics, as well as a sizeable business in polyester fibres.

Like other leading German companies, Hoechst is a big spender. Last year, capital investment totalled DM2.7bn. Another DM2.1bn went on research, much of it into new medical and plant protection products.

Keeping the environment clean is also costly, and the Greens have been loudly critical of the chemical companies as polluters. Pained, the industry has been defensively explaining its pollution record.

Andrew Fisher

## A Touch of Class

Degussa has always made significant contributions to intellectual pursuits.

Especially where research first begins: at university level. For instance by financing the research of an internationally recognized cancer specialist at Johann Wolfgang Goethe University in Frankfurt. If such examples are widely followed, the future of our science and technology will be secure.

## Degussa

Metals. Chemicals. Pharmaceuticals.



# BfG:

Get the decisive competitive edge. Use BfG's export financing.

"Made in Germany" has a good ring the world over. But this alone is no guarantee for brisk business. An exporter who, along with the goods, can supply the financing to match, has a decisive competitive edge.

Talk to us. We are your bank.

Export transactions without export financing are hardly conceivable nowadays. BfG therefore offers you a financing instrument tailored to your specific requirements, and this may be a definite advantage for your sales abroad.

Why not speak to one of our international experts right now? He is sure to have the right solution.

## BfG-Bank für Gemeinwirtschaft

Bank für Gemeinwirtschaft Aktiengesellschaft, Postfach 110222, Theaterplatz 2, 6000 Frankfurt am Main 1 • BfG-London, 33, Lombard Street, London EC3V 9BS • BfG-New York, 400 Park Avenue, New York, N.Y. 10022 • BfG-Cayman Islands, c/o BfG-New York • BfG-HongKong, 13/F Fairmont House, 8 Cotton Tree Drive, Central, HongKong • BfG-Finance Asia Ltd., c/o BfG-HongKong • BfG-Luxembourg Société Anonyme, 2, rue Jean Bertholet, B.P. 1123, Luxembourg.

Living and working in Frankfurt

# The city that always tries hard to please

THE EVENING was warm, the wine was flowing freely, and the traffic-free street was packed with people out for a good time. No, this was not some Mediterranean sunspot, but Frankfurt, a city which may not always impress, but certainly tries hard to please.

In its jolly moods, the city can be fun. When the stalls selling Rhine wines are set up near the centre and the weather obliges, Frankfurt's hard commercial edge is softened and business can be forgotten.

But never for very long. For this is first and foremost a place which deals in money and output. Outsiders come for work rather than enjoyment. Though there are good museums, concert halls, theatres and art galleries, and the surrounding countryside is stunning, Frankfurt stands primarily for commerce and finance.

Even the city's own 1987 Sales Guide calls it, with admirable

honesty, "too successful for love at first sight", but then argues that Frankfurt is ready to earn visitors' sympathy. Robert S. Kane, the pithy American travel writer, sub-headed a chapter on Frankfurt, "Substance sans Style." The difficulty for the short-term explorer, he wrote, is cutting through the prosaic to find the plums.

The business traveller, however, should not find it too hard to make headway. Frankfurt, being small though at the centre of a large commercial region, is easy to get around, with practically everything reachable on foot, by taxi, or by suburban and underground train. There are plenty of good hotels and restaurants, serving anything from light snacks or fashionably light food to heavy German pork, potato, and sauerkraut dishes.

Entering and leaving Frankfurt is no problem, either. Its airport is the busiest on the Continent, with quick connec-

tions within and beyond Germany. Geographically, the city is central, so trains and autobahns are often a better option for less distant destinations.

It used to be said, in the days when it was more usual to disparage Frankfurt, that the best thing about the city was that it was easy to leave. Nowadays, there is less of a compulsion to escape. Frankfurt has been smartened up. There are more trees along streets and in parks, more pedestrian areas, and some attractive modern buildings to offset the drabness of the earlier post-war ones.

South of the River Main lie both culture and entertainment, the former of a high standard in the shape of the riverbank row of museums, the latter seedy and loud in the bar, pub and disco areas of Sachsenhausen. Here, the hamburger - Big Mac is prominent - kebabs and pizza restaurants vie with German Gasthauser (inns) and bars

(beer and wine) for the custom of the crowds. For locals, and visitors who must at least try it, there is Apfelwein (apple wine, or strong cider). There are plenty of cheap and cheerful cider restaurants in what Kane calls "this tacky-touristy district," as well as some fine jazz bars.

Far more tacky, but much less innocent, are the streets around Frankfurt's red light district around the Kaiserstrasse. Lying between the main station, with some smart hotels nearby, and the banking area, the Kaiserstrasse presents the crude sight of hard porn cinemas and sex shops to bemused visitors who stroll rather than ride into town. It has some good restaurants, though, including the best Chinese food in town. Soon the area should be very different, as the image-conscious city authorities have given the sex purveyors notice to quit.

On the tasteful side, Frank-

furt has other offerings beside culture and entertainment. It has a wonderful tropical garden (Palmengarten) with dazzling new glass and steel pavilions, a zoo that is certainly worth a visit, excellent cafes with sumptuous cakes, and a vast area of city-owned forest to the south. It contains the house of Goethe's birth (rebuilt after World War II), an imposing red sandstone Gothic cathedral, and a reconstructed mediaeval square (Roemerberg), which has a lively Christmas market, with toys, decorations, and plenty of Gluehwein.

Outside Frankfurt, the countryside is beautiful. Nestling in the picturesque Taunus hills are delightful small historic towns like Kronberg, Koenigsstein and Bad Homburg, where rich bankers tend to live. Not too far away are Wiesbaden, a spa city with a coolly sophisticated, turn-of-the-century elegance, and Mainz, which has

kept much of its jostling mid-19th-century charm and character, despite the ravages of war. Mainz, the city of Johannes Gutenberg, inventor of modern printing, has a museum with one of his 330-year-old bibles, as well as a colourful weekend market in the lee of its cathedral.

Darmstadt, the home of Jugendstil, and Aschaffenburg, with its impressive castle, are also a short distance from Frankfurt. So is the Rhine, with its picture-book villages and postcard views. With Frankfurt roughly in the middle, the Rhine-Main area is certainly varied enough to cater for most tastes. It is still an advantage that a quick exit can be made from the city, yet this is as much because of what other places have to offer as in reaction to Frankfurt's own lack of glamour.

Andrew Fisher

Halg Simonian takes a personal look at culture in the city

## Letting hair down in a sober way

CLAUDIO ABBADO barely had time to step off the platform earlier this month before Riccardo Muti and the Philadelphia Orchestra took his place. And their seats had hardly cooled before Leonard Bernstein and the Vienna Philharmonic waited in.

September is touring orchestra time in Europe, and Frankfurt is a major venue. Even its earnest money people need to let their hair down sometimes, although they usually go about it in a pretty sober way.

Frankfurt's beautifully-restored Alte Oper (Old Opera House) is where many of its musical cultural head. Its main hall is not just the venue for touring mega-orchestras, but also for Frankfurt's own, slightly less distinguished, band. The building also houses two smaller halls for chamber music and recitals.

Unfortunately, the harmony now being heard at the Alte Oper does not echo across the few hundred yards to the city's main theatre and opera house, built in the late 1950s, where Mr Michael Glens, Frankfurt's leading director and conductor, has finally hung up his baton after 10 years in charge.

Some are desperately disappointed. Mr Glens made a name for himself - and the town - with his innovative and highly distinctive productions, and they wonder how that reputation can be maintained.

But those of us with less patience for the black pole neck and harsh white backdrop school of opera production are rather relieved, though we tend not to broadcast it. Mr Glens' last production, Wagner's Ring Cycle, was deservedly well received, and he has always been noted for his fine musicology.

But some of his other efforts, notably those with Ms Ruth Berghaus, the East German producer, were much harder work. A prize should go to whoever can explain why large portions of Mozart's "Die Entführung aus dem Serail" should be set in a gently undulating rectangular box. And spraying what one assumes to be poison gas over the entombed lovers in the closing

scene of Aida takes idiosyncrasy to an extreme.

Thankfully, Frankfurt's museums are less contentious, and the city has plenty of them. Reflecting what seems to be a competitive drive between German cities at the moment for museum building, the "Museum Ufer" - the south bank of the River Main - is devoted to a string of them.

I prefer the film museum, not so much for its contents - it is tiny - as for the fact that it shows classic films in their original language. Despite the linguistic accomplishments of many Germans, foreign films here are usually dubbed. As only a handful of actors do the dubbing, it doesn't take long to realise that last week's James Bond is this week's JB and probably next week's popular hero.

However, Frankfurt has a special draw for English-speaking film-goers. Unlike most German cities, at least one central cinema shows the latest US or UK movie in English. And the really desperate can always make the short trek to the small three-screen cinema at the airport, which also shows first-run films in English, albeit on microscopic screens.

Many will be relieved to know that the musical beat in Frankfurt is not just classical. The city has one of Germany's liveliest jazz scenes. Clubs abound, both in the centre and in Sachsenhausen, the popular, and rather seedy, entertainment area just across the river from the town centre.

They say Frankfurt has good avant-garde theatre - I have not found it. But art lovers are well served. There is a good-ish municipal gallery, with several attractive twentieth-century German expressionist works. Max Beckmann actually painted and taught here for 15 years before going back to Berlin in 1937 and eventually to the US.

Lastly, the ethnology museum, also on the "South Bank" is a must. Not for the exhibits, which I have never seen but which are no doubt full of merit, but for its very attractive cafe, which has some of the best cakes in town.

## Business traveller's guide

### USEFUL INFORMATION

Public holidays. January 1, Easter Friday and Monday, May 1, Ascension Day, Whit Monday, Corpus Christi, June 17, Reformation Day, December 25 and 26.

Chamber of Commerce (Industrie- und Handelskammer), Boersensplatz 8-10, Tel 21971.

Frankfurt Tourist Association (Verkehrsbüro), Gültentorstrasse 7-9, 212376. Information offices on main station, opp. platform 23 (Tel 2128349-51), and in Hauptwache Passage (Tel 2125708-9).

German National Tourist Board, Beethovenstrasse 69, Tel 75720.

Changing money. At banks and savings banks Mon-Wed 9.30am-1pm and 2.30pm-4pm, Thursday until 5.30pm, Friday 9.30am-1pm. City centre banks mostly open through lunchtime. At main post offices in city and airport and big department stores. Deutsche Verkehrskredit Bank at station and airport and main bank branches at airport all open longer hours. Hotels will also change money.

Tipping. Service is included in all bills in Germany. But rounding up of sum is common, at discretion.

Taxis. Meter price is final price, though can also round up. Charges similar to most big European cities. If none available, call 230001, 250001, 230033, 240011.

From airport into city. By taxi roughly 10 minutes, cost about DM30. By S-Bahn (suburban train): 11 minutes to station (running every 10 minutes), 15 minutes to Hauptwache in centre (every 20 minutes), cost DM3.10.

Public transport. S-Bahn and U-Bahn (underground) provide excellent connections within Frankfurt and wide (c.40km radius) area beyond, including Wiesbaden, Mainz, Darmstadt, Hanau and Bad Homburg. Fine, if caught without ticket. DM40. Information: FVV (local transport body), Mannheimer Strasse 15-19, Tel 239462-32.

Telephones. Frankfurt dialling code within Germany is 069. Local calls cost 20 pfennigs (two 10 pfennig coins). For other

calls within country, usually DM1 or DM3 coins also needed. To call Frankfurt from abroad, code is 069069. For information, dial 1193 (national), 0019 (international). Operator 010 (for calls in Germany), 0010 (abroad).

Shopping hours. Shops open Monday-Friday 9am-6.30pm, Saturday 9am-5pm except first Saturday of month (9am-6pm).

Post offices. Open 24 hours a day at main station and airport. Main post office, Zeil 105, open 9am-6pm, Saturday 9am-12am, Tel 2111.

Lufthansa (German national airline). Information (9am-11pm), Tel 6902111.

HOTELS. Frankfurt is not big, and much can be done on foot. However, all these hotels also have taxi stands outside.

Deluxe. Frankfurt Hof, Kaiserplatz, Tel 20251, Tel 411806. The city's flagship, very centrally located for both business and shopping. Also regular venue for company presentations and events. Many visitors find it ideal, though some complain of impersonality owing to its size. One section currently being converted to form new executive wing. Part of the Steigenberger chain.

Hessischer Hof, 40 Friedrich-Ebert-Anlage, Tel 76400, Tel 41176. As classy as the Frankfurt Hof, but appreciably smaller, giving it more charm. Location on the western edge of the city centre a drawback, except for those going to the fair - which it faces - or to offices in the West End.

Four star. Intercontinental, 43 Wilhelm-Leuschner-Strasse, Tel 230561, Tel 413638. Unequivocally one of the city's (with smaller annex across the road), a large international hotel, notable principally for its almost total lack of character. Dreary location between the railway station and city centre. But higher south-facing rooms have attractive

views over the Main, Sachsenhausen and beyond. Also ample parking, not guaranteed elsewhere.

Canadian Pacific Frankfurt Plaza, 2 Hamburger Allee, Tel 78550, Tel 416743. A 44-storey contender for the tallest hotel in the world. Rooms start on the 28th floor. Super views, but atmosphere functional at best. Slightly north of the city centre, by the university, but perfect for the fair.

Part 35 Wiesengartenstrasse, Tel 26070, Tel 412808. Stylish old hotel married by an unsightly new extension. Location on the fringe of the red-light district near the railway station should offend none but the squeamish, but families may think twice. Part of the Moevenpick chain; food said to be good.

Holiday Inn, 1 Mailänder-Strasse, Tel 69020, Tel 411808. On the edge of Sachsenhausen, south of the river Main. A 28-storey tower offering slightly more economical prices and attractive views in return for the less-than-ideal location.

At the airport. Staying here seems popular not just for travellers, but for some businessmen too, given the rapid spur in office development opposite the terminals.

Hessischer Hof, 40 Friedrich-Ebert-Anlage, Tel 76400, Tel 41176. As classy as the Frankfurt Hof, but appreciably smaller, giving it more charm. Location on the western edge of the city centre a drawback, except for those going to the fair - which it faces - or to offices in the West End.

Four star. Intercontinental, 43 Wilhelm-Leuschner-Strasse, Tel 230561, Tel 413638. Unequivocally one of the city's (with smaller annex across the road), a large international hotel, notable principally for its almost total lack of character. Dreary location between the railway station and city centre. But higher south-facing rooms have attractive

views over the Main, Sachsenhausen and beyond. Also ample parking, not guaranteed elsewhere.

Canadian Pacific Frankfurt Plaza, 2 Hamburger Allee, Tel 78550, Tel 416743. A 44-storey contender for the tallest hotel in the world. Rooms start on the 28th floor. Super views, but atmosphere functional at best. Slightly north of the city centre, by the university, but perfect for the fair.

Part 35 Wiesengartenstrasse, Tel 26070, Tel 412808. Stylish old hotel married by an unsightly new extension. Location on the fringe of the red-light district near the railway station should offend none but the squeamish, but families may think twice. Part of the Moevenpick chain; food said to be good.

Holiday Inn, 1 Mailänder-Strasse, Tel 69020, Tel 411808. On the edge of Sachsenhausen, south of the river Main. A 28-storey tower offering slightly more economical prices and attractive views in return for the less-than-ideal location.

At the airport. Staying here seems popular not just for travellers, but for some businessmen too, given the rapid spur in office development opposite the terminals.

Hessischer Hof, 40 Friedrich-Ebert-Anlage, Tel 76400, Tel 41176. As classy as the Frankfurt Hof, but appreciably smaller, giving it more charm. Location on the western edge of the city centre a drawback, except for those going to the fair - which it faces - or to offices in the West End.

Four star. Intercontinental, 43 Wilhelm-Leuschner-Strasse, Tel 230561, Tel 413638. Unequivocally one of the city's (with smaller annex across the road), a large international hotel, notable principally for its almost total lack of character. Dreary location between the railway station and city centre. But higher south-facing rooms have attractive

views over the Main, Sachsenhausen and beyond. Also ample parking, not guaranteed elsewhere.

Canadian Pacific Frankfurt Plaza, 2 Hamburger Allee, Tel 78550, Tel 416743. A 44-storey contender for the tallest hotel in the world. Rooms start on the 28th floor. Super views, but atmosphere functional at best. Slightly north of the city centre, by the university, but perfect for the fair.

Part 35 Wiesengartenstrasse, Tel 26070, Tel 412808. Stylish old hotel married by an unsightly new extension. Location on the fringe of the red-light district near the railway station should offend none but the squeamish, but families may think twice. Part of the Moevenpick chain; food said to be good.

Holiday Inn, 1 Mailänder-Strasse, Tel 69020, Tel 411808. On the edge of Sachsenhausen, south of the river Main. A 28-storey tower offering slightly more economical prices and attractive views in return for the less-than-ideal location.

At the airport. Staying here seems popular not just for travellers, but for some businessmen too, given the rapid spur in office development opposite the terminals.

Hessischer Hof, 40 Friedrich-Ebert-Anlage, Tel 76400, Tel 41176. As classy as the Frankfurt Hof, but appreciably smaller, giving it more charm. Location on the western edge of the city centre a drawback, except for those going to the fair - which it faces - or to offices in the West End.

Four star. Intercontinental, 43 Wilhelm-Leuschner-Strasse, Tel 230561, Tel 413638. Unequivocally one of the city's (with smaller annex across the road), a large international hotel, notable principally for its almost total lack of character. Dreary location between the railway station and city centre. But higher south-facing rooms have attractive

Germany, and is still extremely popular by all accounts. Le Jardin, 6 Kaiserhofstrasse, is an up-market venue in the centre of town.

Vogel, 14 Jungfernstieg, Tel 2128349. Use Nightclub, 9 Biebergasse, Tel 2128349. OTHER USEFUL AD- DRESSES.

Tourist information offices, Hauptbahnhof, Tel 2128349; Hauptwache, Tel 2128709.

Travel agents. Americity Express, 5 Steinweg, Tel 21051.

Thomas Cook, 11 Kaiserstrasse, Tel 13470.

Wagons Lits, Hauptbahnhof, Tel 234201.

Deutsches Reisebüro, Hauptbahnhof, 230911. Also at Frankfurt Airport, terminal B arrivals area, Tel 693071.

Airlines. Lufthansa, 2 Am Hauptbahnhof, Tel 230621. Airport 6961.

British Airways, 2 Poststrasse, Tel 250121.

British Caledonian, 23 Rossmarkt, Tel 230371.

Pan American, 13 Am Hauptbahnhof, Tel 26560.

Air France, 19 Kaiserstrasse, Tel 230501.

Swire, 8 Am Hauptbahnhof, Tel 230202.

KLM, 2 Schillerstrasse, Tel 290401.

TWA, 2 Hamburger Allee, Tel 770001.

American Airlines, 26 Wiesengartenstrasse, Tel 230591.

Halg Simonian

## COMPANIES ON THE MOVE PREFER FRANKFURT



Companies on the move know from experience that the chances of doing business profitably are greatly improved if they operate from a base that is also on the move.

That's why so many domestic and international companies have selected Frankfurt, West Germany, which is firmly established as:

- An innovative decision-making center
- A thriving local economy
- West Germany's financial center
- The gateway to regional, national, and world markets.

Frankfurt is a city whose prominence in banking and business enables bottom line oriented companies to get things

done. A city where innovation flourishes and resourcefulness is rewarded. And where Continental Europe's biggest airport provides ready access to global markets.

If your company is on the move internationally, you'll feel at home in Frankfurt. Make the first move by writing today for a complimentary copy of our information brochure "Frankfurt. Preferred by decision-makers".

For further information please contact: Klaus Rittershaus and Dr. Klaus Kröll, Managing Directors, Wirtschaftsförderung Frankfurt GmbH, Geleitsstrasse 14, D-6000 Frankfurt am Main, Tel. 1691 62 60 93-6, Telex 413064.

STADT  FRANKFURT AM MAIN

Preferred by decision-makers.

● Italian. Pizzeria, 50 Kettenthorweg, Tel 722891. Trendy steel and spotlight place in the West End, busy at both lunch and dinner. La Galleria, 2 Theaterplatz, Tel 230560. Good up-market Italian bistro with the Bank Tower (Mittelbau) tower in the heart of the city.

● Bistros. Moevenpick, 2 Opernplatz, Tel 20680. Multi-restaurant complex in the heart of town with tasty and good value food. Open Cafe, 10 Opernplatz, Tel 285260. Well-located next to Chariot by the Alte Oper and with attractive turn-of-century decor. Wide choice of food by style and price.

Die Leiter, 11 Kaiserhofstrasse, Tel 222121. Just off the pedestrianised Freisgasse, this is somewhere to see and be seen, especially under its large awning in the summer.

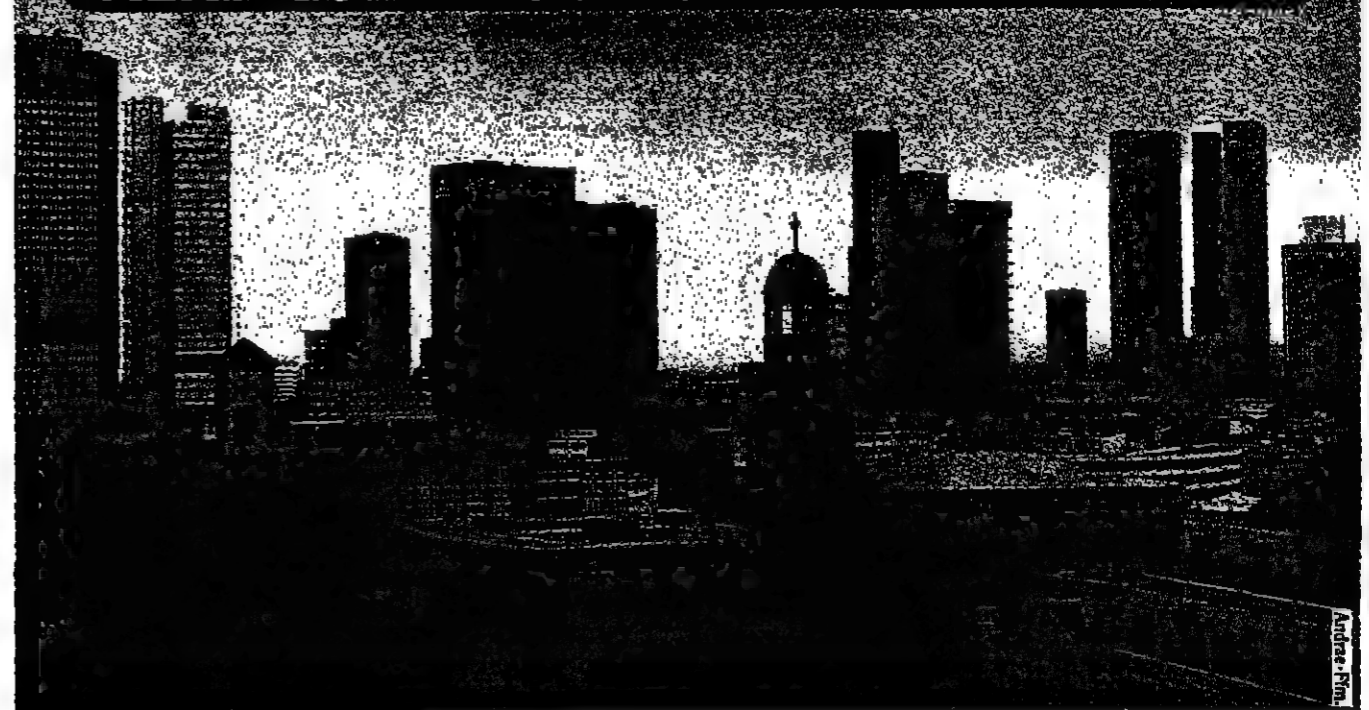
● Chinese. Tee Yang, 67 Kaiserstrasse, Tel 222541-2. The only really good Chinese in Frankfurt, part of a smart, small European chain.

LOCAL FOOD. Dozens of places in the city centre offer acceptable local fare. Apart from sausages and - of course - Frankfurters, local specialties include dishes with "grüne Sauce" (green sauce), made from a variety of local herbs and said to be a favourite of Goethe's.

The intrepid should definitely go to Sachsenhausen and try Apfelwein (apple wine), a very dry local cider. Most of the Apfelwein pubs also provide a range of huge, simple and cheap dishes - basically pork - either with sauerkraut or boiled potatoes. Arguably Frankfurt at its best, the custom of sharing tables often prompts conversation with strangers - not necessarily typical of the city.

The two best Apfelwein pubs are both some distance from the now very commercialised and rather seedy heart of "Old Sachsenhausen". Zum Gemalten Haus, 67 Schweizer Strasse, Tel 614558. One of the biggest and best known pubs, with colourful wall paintings.

## REAL ESTATE CONSULTANCY WORLDWIDE



Do you intend to relocate your offices to a modern office building?

Are you looking for a new tenant for your office or retail premises?

Do you require qualified property investment advice?

Are you still looking for a new tenant for your commercial warehousing facility?

Do you want to know the real value of your property or site?

Who will carry out the planning and supervision of the building works for your new commercial property, or the refurbishment works for your existing buildings?

Could your property be increased in value by professional property management?

These are only some of the questions you should discuss with JONES LANG WOOTTON.

Worldwide, 2,500 staff in 43 offices are at the service of our clients.

A tradition of professional service for over 200 years, in addition to a comprehensive range of independent and highly qualified consultancy services, forms the basis for our success in the international property market.

If you would like to know more about us, we shall be pleased to send you our brochure "Immobilien Service Weltweit" which has been produced in both English and German.

2000 Hamburg 36 - Neuer Wall 3 - Tel. (040) 351681

4000 Düsseldorf - Josephinenstrasse 11 - Tel. (0211) 32 02 61

6000 Frankfurt a.M. - Mainzer Landstr. 46 - Tel. (069) 72 04 71

**Jones Lang Wootton**  
GmbH  
International Real Estate Consultants

LONDON · CROYDON · NEW MARKET · GLASGOW · EDINBURGH · JERSEY · DUBLIN · HAMBURG · DUSSELDORF · FRANKFURT · BRISSEL · ANTWERPEN · PARIS · AMSTERDAM · ROTTERDAM · DEN HAAG · UTRECHT · SYDNEY · MELBOURNE · ADELAIDE · PARRAMATTA · CANBERRA · AUCKLAND · BRISBANE · PERTH · HONG KONG · KUALA LUMPUR · JAKARTA · TOKYO · SINGAPORE · NEW YORK · WINSTON · WASHINGTON D.C. · LOS ANGELES · SAN FRANCISCO

## Things go well with Lufthansa Cargo.



# Lufthansa

## SECTION IV

FINANCIAL TIMES  
SURVEY

The Government of Mr Robert Mugabe has made considerable progress since independence in 1980

but faces two big challenges. The economy is in difficulties, exacerbated by drought, and is paying a high price for its defence of vital routes through Mozambique, writes Michael Holman.

## Challenges to be faced

SOME SEVEN years after his overwhelming electoral victory which marked the beginning of Zimbabwe's independence, Prime Minister Robert Mugabe is facing a daunting combination of economic and security challenges.

On the economic front, the government is slowly having to accept the fact that the boom years of the early 1980s are unlikely to return. Aid flows are falling after the post-independence bonanza, and world prices for Zimbabwe's commodities have slumped or are stagnant. The initial boost in agricultural and industrial output owed much to the end of the war since then most foreign investors have been deterred by the government's socialist aims and the inadequate rate of return.

Zimbabwe is now living beyond its means, a fact that will be underlined as the worst drought for decades takes its toll.

On the security front there is tension in two areas. Zimbabwe is steadily being drawn into the war in neighbouring Mozambique, where its troops are defending the strategic corridor of rail, road and oil links to the eastern seaboard port of Beira,

an outlet which is vital to Zimbabwe's efforts to reduce trade and transport links with South Africa.

In the South West province of Matabeleland, skirmishes continue with a shadowy dissident group responsible for the killings since independence of nearly 80 white farmers (essential to the province's cattle ranching economy), and for the deaths of many more peasant farmers and their families.

Looming over Zimbabwe is the destabilising presence of South Africa. Implicated with the rebels in Mozambique and suspected of links with the Matabeleland dissidents, a frequent target of Mr Mugabe's condemnation, Pretoria is ready to retaliate with trade and transport weapons should Zimbabwe succumb to the temptation to apply selective economic sanctions against its white-ruled neighbour.

The stresses and strains that these problems create are still outweighed, however, by the government's catalogue of achievements. The stable transition from war-torn Rhodesia (where 30,000 or more people died in the guerrilla war against the government of Mr Ian Smith) to an independent Zimbabwe in which whites suffered no recriminations (and continue to be represented in government) stands out as one of the most extraordinary developments in post-colonial Africa. Indeed the abolition last month of the 80 white seats in the 100 member assembly was regretted by few of the country's 100,000 strong minority.

Some other successes are less obvious to the casual visitor. Many of the resented and harmful features of white rule were to be found in the countryside: inequitable spending on black schools and clinics, on agricultural extension services and on roads serving black farmers, all reinforced by the racially defined ownership of land.

Under the government of Mr Mugabe and the ruling Zanu (PF) party something approaching a transformation of the rural areas is getting underway. School enrolment has shot up from under 900,000 in 1979 to nearly three million today, with many of the new schools being built in the countryside. Peasant farmers' output has soared in part because of the end of the war, but also as a result of better services and readier access to loans. Their production has contributed to a maize stockpile which will enable Zimbabwe to feed itself despite the drought, and still have a surplus for export.

There are other, disquieting, statistics, however. The overwhelming majority of school leavers - 147,000 this year - will not find a salaried job in the formal sector, where employment has stuck at around one million for the past decade. The frustrations of unemployed youngsters with four and even six years of secondary education will be considerable.

The government's resettlement programme, designed to place families on formerly white-owned land, has lapsed far short of the target of 100,000 families to be moved by the mid 1990s. Barely 40,000 families have been shifted.

This does not keep pace with the country's population growth of 3 per cent a year, let alone ease existing pressures. Rising unemployment and growing land pressure combine to present the government with one of its most pressing problems.

Prospects for the economy offer little relief. Indeed, many firms, hit by falling foreign exchange allocations, are retrenching. In his budget appraisal of Zimbabwe's economic performance, Dr Bernard Chidzero, the minister of finance, anticipated zero GDP growth this year and many economists anticipate a 3 per cent decline, partly because of the drought.

The drought, however, is only one of several economic problems, some of which are deep rooted. A high price is being paid for the expansion in social services and the heavy defence bill (14 per cent of the 1987-8 budget). The budget deficit - including the cost of unfunded subsidies - has been climbing

over recent years to 13.3 per cent for 1987-8. Inflation is running at around 15 per cent. Servicing of the country's external debt will take up around 32 per cent of export earnings this year.

The tight foreign exchange position (import allocations in real terms are only 40 per cent of peak 1982 levels), have left much of the country's industrial and manufacturing sector in no position to replace ageing plant and equipment.

There is a growing body of opinion which says that government needs to implement some difficult decisions as part of what would amount to a far-reaching economic reform programme. So far there is little evidence that government is prepared to implement what would be electorally unpopular measures and run counter to Zanu (PF)'s socialist dogma. Yet there is no evidence either of a clear alternative strategy.

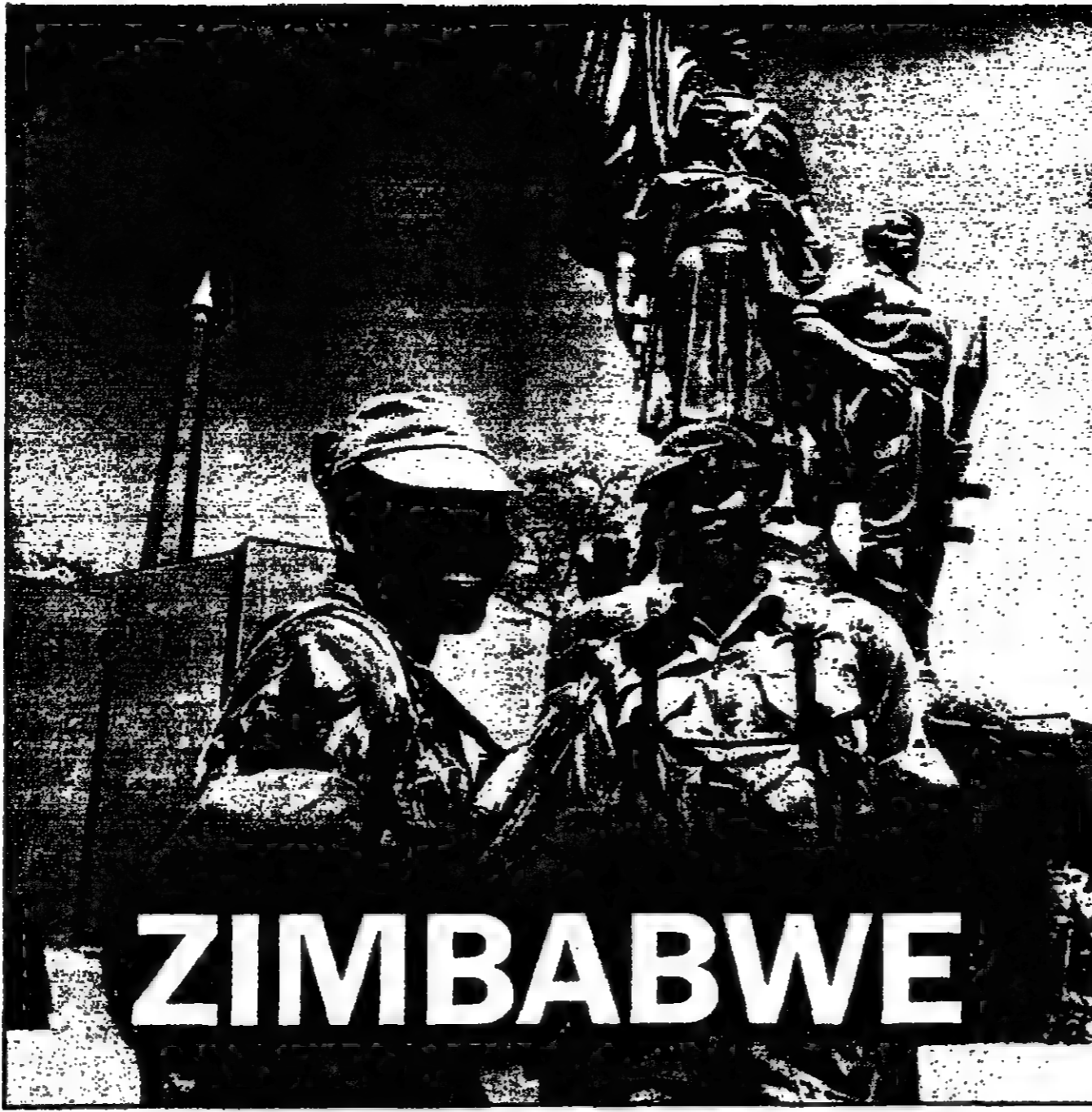
There is, says one leading businessman, a sense of drift, compounded by weak management and irregular practices in many of the country's state owned corporations. Three reports on the largest of these - Air Zimbabwe, the National Railways, and the Zimbabwe Iron and Steel Corporation - amounted to an indictment both of their management and of the ministries which have the ultimate responsibility.

At the same time, there are increasing signs of corruption involving senior officials and government ministers. Many Zimbabweans believe that abuse of public office is spreading, a concern shared by Mr Mugabe, who recently denounced corrupt officials and politicians as 'socialist deviants' guilty of 'daylight robbery'.

There are comparatively few examples of leading civil servants being brought to book, however.

It may be that Mr Mugabe himself is largely preoccupied by security problems on the eastern border with Mozambique and in Matabeleland and parts of the central Midlands province.

Zimbabwe has committed several thousand troops to the defence of the Beira corridor for understandable strategic reasons, but Mr Mugabe has indicated that he feels a greater responsibility still to the government of Mozambique, which provided him with a reliable rear base during the



Zimbabwean troops guarding Heroes' Acre the national monument

## ZIMBABWE

Pictures by Glyn Gennin

Mugabe and the ruling Zanu (PF) party something approaching a transformation of the rural areas is getting underway. School enrolment has shot up from under 900,000 in 1979 to nearly three million today, with many of the new schools being built in the countryside. Peasant farmers' output has soared in part because of the end of the war, but also as a result of better services and readier access to loans. Their production has contributed to a maize stockpile which will enable Zimbabwe to feed itself despite the drought, and still have a surplus for export.

There are other, disquieting, statistics, however. The overwhelming majority of school leavers - 147,000 this year - will not find a salaried job in the formal sector, where employment has stuck at around one million for the past decade. The frustrations of unemployed youngsters with four and even six years of secondary education will be considerable.

The government's resettlement programme, designed to place families on formerly white-owned land, has lapsed far short of the target of 100,000 families to be moved by the mid 1990s. Barely 40,000 families have been shifted.

This does not keep pace with the country's population growth of 3 per cent a year, let alone ease existing pressures. Rising unemployment and growing land pressure combine to present the government with one of its most pressing problems.

Prospects for the economy offer little relief. Indeed, many firms, hit by falling foreign exchange allocations, are retrenching. In his budget appraisal of Zimbabwe's economic performance, Dr Bernard Chidzero, the minister of finance, anticipated zero GDP growth this year and many economists anticipate a 3 per cent decline, partly because of the drought.

The drought, however, is only one of several economic problems, some of which are deep rooted. A high price is being paid for the expansion in social services and the heavy defence bill (14 per cent of the 1987-8 budget). The budget deficit - including the cost of unfunded subsidies - has been climbing

over recent years to 13.3 per cent for 1987-8. Inflation is running at around 15 per cent. Servicing of the country's external debt will take up around 32 per cent of export earnings this year.

The tight foreign exchange position (import allocations in real terms are only 40 per cent of peak 1982 levels), have left much of the country's industrial and manufacturing sector in no position to replace ageing plant and equipment.

There is a growing body of opinion which says that government needs to implement some difficult decisions as part of what would amount to a far-reaching economic reform programme. So far there is little evidence that government is prepared to implement what would be electorally unpopular measures and run counter to Zanu (PF)'s socialist dogma. Yet there is no evidence either of a clear alternative strategy.

There is, says one leading businessman, a sense of drift, compounded by weak management and irregular practices in many of the country's state owned corporations. Three reports on the largest of these - Air Zimbabwe, the National Railways, and the Zimbabwe Iron and Steel Corporation - amounted to an indictment both of their management and of the ministries which have the ultimate responsibility.

At the same time, there are increasing signs of corruption involving senior officials and government ministers. Many Zimbabweans believe that abuse of public office is spreading, a concern shared by Mr Mugabe, who recently denounced corrupt officials and politicians as 'socialist deviants' guilty of 'daylight robbery'.

There are comparatively few examples of leading civil servants being brought to book, however.

It may be that Mr Mugabe himself is largely preoccupied by security problems on the eastern border with Mozambique and in Matabeleland and parts of the central Midlands province.

Zimbabwe has committed several thousand troops to the defence of the Beira corridor for understandable strategic reasons, but Mr Mugabe has indicated that he feels a greater responsibility still to the government of Mozambique, which provided him with a reliable rear base during the

## CONTENTS

Economy: time for a new strategy	1	Manufacturing industry: monetary constraints	6
Money supply and banking: government debt-funding problems	2	Beira Corridor: port plays a key role	5
Foreign affairs: the dominant shadow to the south	3	Mining: price rises lift prospects	5
Trade and foreign investment: balance of payments difficulties hamper exports	4	Agriculture: drought and world glut create setback	6
Same parks: safari of a lifetime	4	Peasant resettlement: still a long way to go	6
		Tourism	6

over recent years to 13.3 per cent for 1987-8.

Inflation is running at around 15 per cent. Servicing of the country's external debt will take up around 32 per cent of export earnings this year.

The tight foreign exchange position (import allocations in real terms are only 40 per cent of peak 1982 levels), have left much of the country's industrial and manufacturing sector in no position to replace ageing plant and equipment.

There is a growing body of opinion which says that government needs to implement some difficult decisions as part of what would amount to a far-reaching economic reform programme. So far there is little evidence that government is prepared to implement what would be electorally unpopular measures and run counter to Zanu (PF)'s socialist dogma. Yet there is no evidence either of a clear alternative strategy.

There is, says one leading businessman, a sense of drift, compounded by weak management and irregular practices in many of the country's state owned corporations. Three reports on the largest of these - Air Zimbabwe, the National Railways, and the Zimbabwe Iron and Steel Corporation - amounted to an indictment both of their management and of the ministries which have the ultimate responsibility.

At the same time, there are increasing signs of corruption involving senior officials and government ministers. Many Zimbabweans believe that abuse of public office is spreading, a concern shared by Mr Mugabe, who recently denounced corrupt officials and politicians as 'socialist deviants' guilty of 'daylight robbery'.

There are comparatively few examples of leading civil servants being brought to book, however.

It may be that Mr Mugabe himself is largely preoccupied by security problems on the eastern border with Mozambique and in Matabeleland and parts of the central Midlands province.

Zimbabwe has committed several thousand troops to the defence of the Beira corridor for understandable strategic reasons, but Mr Mugabe has indicated that he feels a greater responsibility still to the government of Mozambique, which provided him with a reliable rear base during the

guerrilla war in Rhodesia.

Last October he promised that Zimbabwe would fight to the last man in defence of the Mozambique government against the South African backed Mozambique National Resistance (MNR). It prompted the rebels to declare war on Zimbabwe, in addition to continuing their attempts to sabotage the corridor.

While this threat may be largely bombast, recent attacks on eastern border villages and tea estates are a matter of concern.

Nor has the government been able to resolve the security problem in Matabeleland, where only last week six people were killed in an ambush by the rebels. Part of the answer, some government officials believe, lies in winning the hearts and minds of the people of the province, stronghold of Mr Joshua Nkomo's Zanu party, by working for the unification with Zanu (PF) on terms which include a share of seats on the Zanu (PF) politburo, central committee and in cabinet.

Several rounds of negotiations have so far proved fruitless, and many observers believe that even if there were an agreement it might not be enough to end the conflict. Mr Mugabe can argue that at the heart of his security concern is South Africa. But his search for a strategy that goes beyond denunciation of apartheid and achieves a direct influence on Pretoria has been unsuccessful.

Public commitments on his part to selected economic sanctions by Zimbabwe against the republic have to date come to nothing in the face of lobbying by a deeply concerned business community which has pointed out some blunt facts.

About 8 per cent of Zimbabwe's trade goes on the Southern route and last year South Africa supplied 31 per cent of Zimbabwe's imports, and was a market for 10 per cent of the country's exports. Clearly the scope for South African retaliation is potentially disastrous.

The probability, however, is that tensions and antagonisms in the Southern African region will heighten. The challenge, that faces Mr Mugabe is how to deal with a troublesome neighbour and at the same time address himself to some fundamental economic issues.

The Aberfoyle Group means business in Zimbabwe. For example, Aberfoyle have recently invested in an exciting new development in the country's lowveld. This is the 12 000 hectare Mwenezi Oil Palm project which will bring



Aberfoyle develops Zimbabwe's first Oil Palm project.

employment to nearly 10 000 workers. At peak production this project is expected to generate foreign exchange earnings to the value of Z\$60 million per annum.



Aberfoyle reduces import-dependency in the motor industry

At the heart of this development is the giant Manyuchi Dam, scheduled for completion in December, 1988. This dam will be the fourth

largest in Zimbabwe. It will feed the oil palm plantations and provide water to surrounding farmlands.

The Mwenezi Development Corporation is just one indication of Aberfoyle's interest in Zimbabwe. Within the group there are many other wide-ranging investments which will improve the quality of life for Zimbabweans, expand the economy and, in so doing,

increase employment opportunities.

The motor industry is an area where import substitution is vital.

Here, Aberfoyle's involvement is through Stansfield Ratcliffe, distributors of Lucas and CAV motor electrics and essential spare parts for the motor industry.

This company has plans to expand local production and reduce the need to import electrical motor spares.

Steel plays a major role in Zimbabwe's development. In the area of manufactured steel products, Aberfoyle Industries, through AFA-Angus, supplies fire protection equipment for industrial and domestic use.

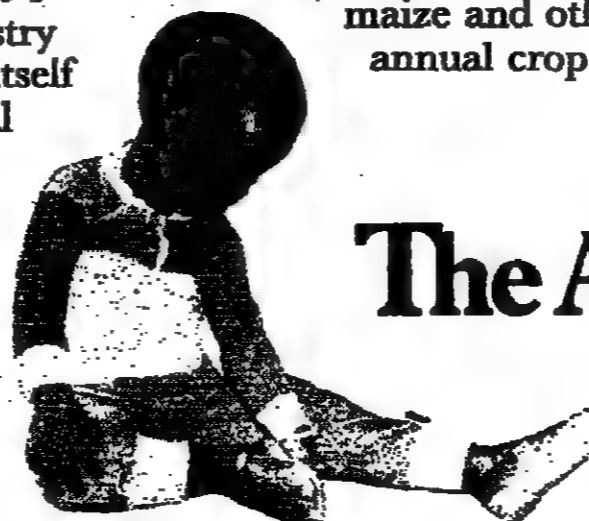


Flexo Steel Industries, another

Aberfoyle Industries division, makes and supplies steel window frames for houses, offices shops and factories, throughout the country.

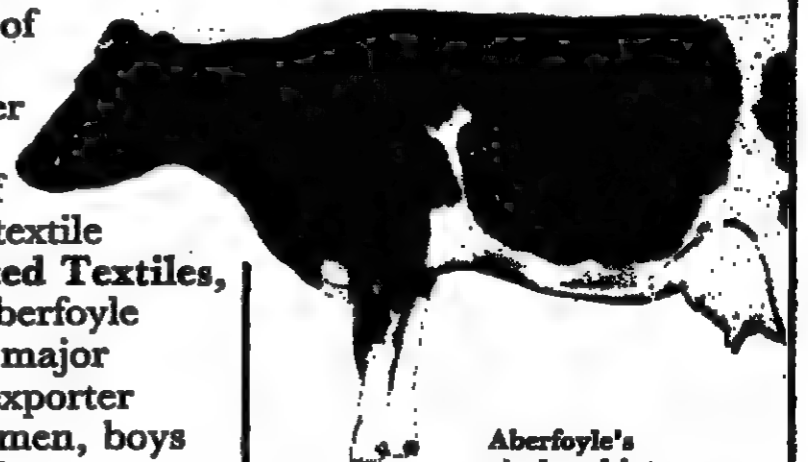
Zimbabwe's cotton industry has earned itself international recognition

Turning Zimbabwe's cotton into export clothing.



for the quality of its product. It has even greater potential in the development of manufactured textile goods. Associated Textiles, a division of Aberfoyle Industries, is a major producer and exporter of clothing for men, boys and babies in the high-demand, cotton-knit sector.

Farming tops the list of Zimbabwe's vital growth areas. Here the Aberfoyle



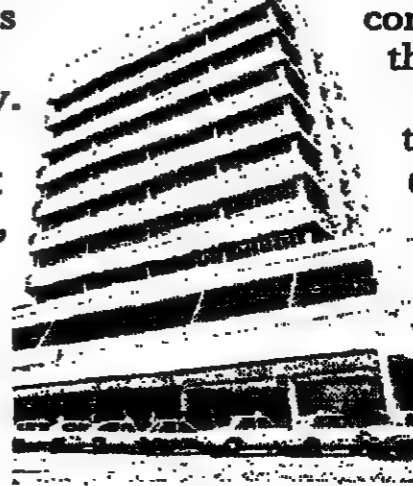
Aberfoyle's agricultural interests include Zimbabwe's largest dairy farm

The Aberfoyle Group is putting down strong roots in its property and portfolio investments.

Aberfoyle Investments owns and manages important properties such as Globe House and Electra House in

Harare and its investment portfolio includes many of the leading companies in the country.

We're here to invest and contribute to the development of the country.



Aberfoyle investing in Zimbabwe's property development.

## The Aberfoyle Group

ZIMBABWE'S FUTURE IS OUR BUSINESS

## ZIMBABWE 2

## Economy

## New strategy sought as growth slows

AFTER SEVEN years of independence during which economic performance has fallen short of the overly-optimistic expectations held in 1980, a change in policy emphasis - if not of direction - is clearly indicated. Indeed, there are some signs that the technocrats in the Government, including finance minister Bernard Chidzero, accept the need for a measure of gradual economic liberalisation, though this is constrained by preoccupation with day-to-day crisis management, as well as a curious combination of policy conservatism and ideological opposition to opening up the economy.

In 1980/1 real gross domestic product grew 23 per cent fuelled by an increase of more than 80 per cent in imports between 1979 and 1982. At the time it was confidently assumed that the combination of improved terms of trade, rapid export growth and substantial aid and foreign investment inflows would be adequate to sustain such import levels.

But these expectations were disappointed. Net private capital inflows since 1980 have been negligible - less than \$250m. Exports volumes have grown at a mere three per cent annually while the terms of trade reflect little more than the depreciation of the Zimbabwe dollar. Aid inflows totalled US\$1.7bn between 1980 and 1985, but have since slowed.

In this situation, both the economic and import booms proved short-lived. The brakes went on with a vengeance in 1982 when real GDP has been growing at less than one per cent annually and real per capita incomes falling by more than two per cent a year. Import volumes fell by more than a third between 1983 and 1985 and investment and employment have deteriorated in turn. The US\$1.7bn aid inflows sustained spending but the balance of payments problem has exacerbated the balance of payments problem.

On current account the balance of payments deteriorated dramatically from a deficit of \$215m in 1980 to \$233m in 1982. Heavy foreign borrowings in the immediate post-independence period contributed substantially to this deficit with public sector interest payments abroad rising from a mere \$26m in 1980 to \$216m in 1984. But by 1986, currency devaluation, export incentives, severe cutbacks in import quotas, the tightening of exchange controls - in respect of profit and dividend remittances - and restrictive monetary policies had turned the balance of payments around and a small current account surplus was achieved.

However, external balance has been achieved only at the cost of severe internal imbalance reflected in sluggish growth, falling investment and escalating unemployment. Last year, investment - at constant prices - was at its lowest level since 1979 and since independence it has been 10 per cent lower than in the final seven years of economic sanctions during the 1970s.

But the unemployment crisis

is the most serious manifestation of the failure of economic policy. The phenomenal expansion of the education system - the number of children in schools trebled to 2.8 million between 1979 and 1986 - is now showing up in huge increases in the number of schoolleavers with four, and even six, years of secondary education. These have increased from a mere 30,000 in 1983 to 147,000 this year and 330,000 by 1991. At the same time employment is stagnating.

There are no more people in jobs today than at the peak of the Ian Smith sanctions boom in 1975 when 1,050,000 workers were employed in the formal economy. Unemployment is estimated to have risen from 12 per cent in 1984 to a forecast 18 per cent this year and 25 per cent by the early 1990s.

After the temporary 1985 agricultural recovery, economic growth has slowed to a crawl. Real GDP increased fractionally last year and is forecast to fall by at least three per cent in 1987 while real per capita incomes this year will be at their lowest since 1979 and 17 per cent below their 1974 peak.

In this situation it is hardly surprising that the policymakers should now be casting around for a new strategy. Their deliberations are complicated by the high dependence of economic growth on the public sector since 1980.

Virtually half the increase in GDP has emanated in the public sector and about a quarter has occurred within education itself. This has only been possible because public spending has grown far more rapidly than the economy, rising from about a third of GDP in 1980 to almost

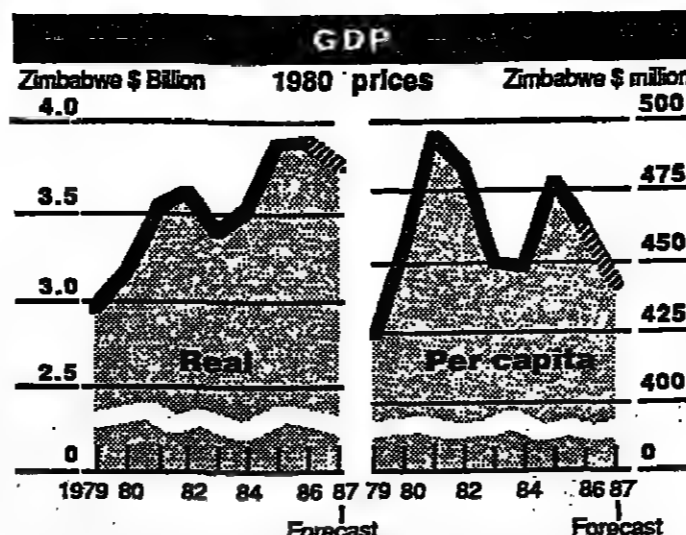
half this year. As a result, the budget deficit has averaged more than ten per cent of GDP over the last five years and if unfunded subsidies (that is, subsidies carried forward to future budgets) are added into the deficit, it will approximate 13 per cent this year.

This serious internal imbalance - in the form of excessive domestic spending - is the source both of persistent pressure on the balance of payments and on prices. In an attempt to counteract these influences, the authorities have imposed a price and wage freeze, reduced import allocations and cut back profit and dividend remittances (to 25 per cent of after-tax profits in the case of foreign-owned firms, other than those who have invested in Zimbabwe since September 1979).

It is a classic example of one set of distortions giving rise to increased controls and regulations which in turn generate their own distortions.

The budget deficit has its origins in the high levels of spending on debt-service (22 per cent of the total budget), education (15 per cent), defence (14 per cent) and subsidies (11 per cent). Because there is precious little scope under existing conditions to cut spending on education, defence and debt-service, subsidies offer the most promising avenue to progress, albeit one that is temporarily closed because of the wage and price freeze.

The main subsidies are to agriculture, the steel industry, and the state-owned railways and airlines. Subsidy reduction involves both significant improvements in public sector management, on the one hand, and some unpopular political



decisions in the form of higher food prices and charges for services on the other.

Deficit reduction is an urgent priority on four main counts. First, the longer it persists the greater the domestic debt-service problem will become. Central government debt - foreign as well as domestic - has risen from 57 per cent of GDP in 1980 to 72 per cent this year and if short term government borrowings are included it exceeds 80 per cent.

Government borrowings are currently costing 14 per cent in the local market which means that the current year's \$21bn deficit will add \$3140m to next year's budget in the form of interest costs.

Secondly, the budget deficit is inherently inflationary though - to date - the authorities have been remarkably successful in financing it by non-bank borrowing. In 1987/8 however, Dr Chidzero is projecting \$2385m of bank overdraft borrowing to fund the deficit which is bound to be seriously inflationary.

Thirdly, a sustained improvement in the balance of payments simply will not be possible as long as the deficit remains at these levels and finally, it is a crucial obstacle to securing the trade promotion

## Money supply and banking

## Borrowing stays high

THE ANNOUNCEMENT of four rights issues on the Zimbabwe Stock Exchange that will raise a total of \$218m marks a welcome return of new issue activity to the capital market after a prolonged period of inactivity. The one obvious exception to this is the Government's heavy local market borrowing programme which raised \$2567m in the year to June 1987 with a further \$2524m of new stock to be issued in the 1987/8 fiscal year.

This pattern of heavy government borrowing with very limited private sector activity is evident in the banking industry as well. Private sector loan demand has been flat for the last three years, though there is mounting concern about the burden of farm debt the banks are carrying following the severe drought. Public sector borrowing by central government itself and the parastatals has risen steeply with the Government's bank overdrafts doubling in the year to June 1987.

The impact of public sector borrowing is apparent in the money supply figures which reflect 14 per cent growth rate. Money supply expansion of this magnitude, at a time when real output is expected to fall by at least three per cent, is clearly inflationary and with the Government expected to borrow \$2385m on bank overdraft in the current year - equivalent to a 20 per cent increase in the money supply - the signs are that inflation will accelerate.

On the other side of the ledger, the authorities are seeking to control inflation through the price and wage freeze and this is likely to suppress - rather than cure - the problem over the next six months. In the first half of the year, inflation was running at 13 per cent, little different from the post-independence trend rate of 14.5. But the statistics are becoming increasingly less reliable as more transactions are driven underground and sellers seek to circumvent the price control regulations. Furthermore, there is a wide gap between consumer inflation and the rate of cost increases in agriculture and industry which is substantially higher.

Retail price inflation is expected to slow somewhat in the final quarter of 1987, but will still remain a double figure. The authorities have promised

to review the wage freeze in the new year and the pressures for a substantial general wage increase in mid-1988 - of at least 15 per cent can be expected to intensify. It is likely therefore that any respite from inflation will be short-lived as public sector borrowing and the relaxation of the freeze result in sharply higher inflation of the order of 17 to 18 per cent in the second half of 1988.

Interest rate levels do not reflect either actual or expected inflation. Deposit rates at the banks and building societies are well below the inflation rate with the banks paying 11 per cent for three-year money. The authorities argue that negative real savings rates do not discourage savings and point to the doubling in savings held by financial institutions between 1981 and 1986 when they reached \$231bn. However, when adjusted for inflation, real savings declined slightly. Given the volume of so-called surplus funds (funds owned by foreign firms but not available for repatriation) and the fact that \$21bn of savings are still phoned into the budget deficit each year, savings levels are almost certainly inadequate and more realistic interest rate levels are required.

This was underlined early this month when the Zimbabwe Government's \$2100m 25-year loan on a coupon of 14.5 per cent relied heavily on public sector subscriptions from the Post Office Savings Bank and the central bank itself which took up almost 70 per cent of the stock. Institutional investors say that an interest rate below the headline inflation rate for 25-year money is simply unrealistic and it seems probable that the authorities will have to bite the bullet and increase long-term rates next year.

After fluctuating in a narrow band around the 9.5 per cent level in the second half of 1986, the 90-day NCD rates rose sharply to reach 13 per cent in March. In recent months the rate has fallen back to the 9.5 per cent level and is forecast to remain in this vicinity for the rest of the year with the budget deficit sustaining high levels of liquidity.

A feature of the past three years has been the strong recovery in share prices after hitting a 18-year low in 1984. At that time, market capitalisation stood at \$2227m and the average dividend yield was 21 per cent. The industrial share price index came perilously close to falling below its 1986 base level of 100 having peaked at a record high of 487 in January 1981.

Since then, share prices have more than trebled and the index currently stands at 340, while the market capitalisation is \$2650m and average yields approximately 11.5 per cent. This reflects a strong profit performance by companies and the increasingly serious shortage of scrip, resulting in share price inflation as too much money chases too few shares.

The current spate of rights issues may help mop up excess market liquidity but government purchases of majority control of listed companies - as in the case of Delta Corporation - is having the opposite effect and withdrawing scrip from the market.

Profit growth will slow over the next year and as dividend yields fall below the psychologically-significant 10 per cent level, share prices are likely to flatten out. A return to the peak levels of early 1981 looks to be a long way away.

Tony Hawkins



Tobacco is a valuable export: bales are open for inspection

Balance of payments			
Z\$m.	1987*	1986	1985
Exports	2400	2210	1855
Imports	1800	1680	1555
Trade surplus	600	530	300
Invisible (Net)	-650	-500	-446
Current account	-50	+30	-146
Capital (Net)	-150	+45	+350
Overall balance	-200	+75	+204
*Forecast			

## NATURAL SELECTION

"THE PROCESS FAVOURING ORGANISMS BEST ADAPTED TO THEIR ENVIRONMENT"

The Pangolin, or Scaly Anteater (Manis tricuspis), is an African edentate mammal. Its body is covered with overlapping horny scales which provide the animal with a natural protective shield. The only part left unprotected by this shield is the creature's belly, but when attacked or threatened, the Pangolin covers its vulnerable spot by rolling itself into an impenetrable ball. This ensures its survival and independence making it a classic example of natural selection.

Shouldn't the same criterion be applied to matters financial? We at Zimbabank are perfectly at home in our surroundings. Wholly Zimbabwean and independent, our Bank is closely linked to the local environment.

Young, dynamic, professional, with a team of reliable, interested people at your service. If you're looking for a bank in Zimbabwe, make Zimbabank your natural selection.

**Zimbabank**  
ZIMBABWE BANKING CORPORATION LIMITED  
Incorporated in Zimbabwe

It's your bank. We're here on your account.



Despite internal differences Prime Minister Robert Mugabe remains pre-eminent

## Politics

## Unification hard to achieve

THE GOAL of Mr Robert Mugabe of creating a one-party state by negotiation is proving elusive.

Last month the ruling Zanu (PF) appeared on the brink of signing an agreement with Mr Joshua Nkomo's Zapu party which would have brought the two parties together as the renamed Zanu-Patriotic front led by Mr Mugabe but with two vice-presidents, one of whom would have been Mr Nkomo. Places would also have been allocated to former Zapu members on an enlarged politburo (8 out of 21 seats) and the expanded central committee (giving ex-Zapu supporters between a quarter and a third of the seats). The more sensitive issue of cabinet portfolios was still under negotiation.

In theory at least, a division which goes back to the 1960s, broadly demarcated by Shona allegiance to Zanu-PF and Ndebele loyalty to Zapu, would have been healed.

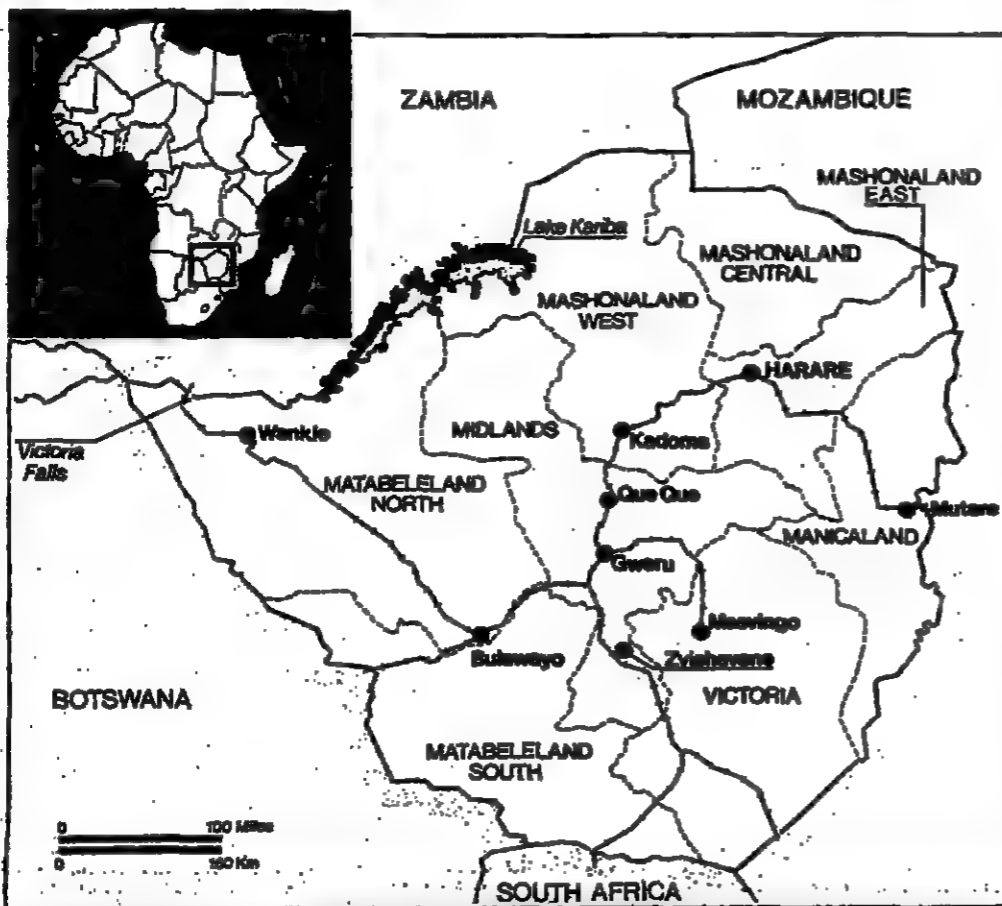
The most important benefit, according to proponents of unity, would be a marked decline in the security problems posed in the provinces of Matabeleland (and to a much lesser extent, the Midlands) by former Zapu guerrillas. These bandits (or dissidents, as they are known) are held responsible for the deaths of nearly 90 white farmers in the province since independence in 1980 - far more than the number who died in the area during the war against white rule.

But at the last minute Zanu (PF) withdrew from the agreement for reasons which continue to be unclear. One popular theory is based on the rivalry of two Shona clans, the Zezuru who comprise just under one fifth of Zimbabwe's nine million people, and the Karanga, who make up a little over one fifth.

Between them they dominate the Party's 15-member central committee (9 Zezuru, including Mr Mugabe himself, and 5 Karanga) and the 27-strong Cabinet (9 places each).

Such is the rivalry, or so the theory goes, that the Karanga, who have traditionally enjoyed better relations with the Ndebele - would form an alliance with former Zapu politicians once the unity agreement had been enacted, and thus reduce the influence of the Zezurus. It was this prospect, according to some commentators, which led some senior Zezuru politicians to oppose the unity formula.

The convenience of the theory (applied to other issues as well) is that it allows outsiders a plausible basis on which to interpret the often Byzantine nature of Zimbabwe politics. It may not, however, be a totally adequate explanation of why



the protracted unity talks have failed.

Equally important may be the fear of some Zanu (PF) politicians that they may lose their place in the hierarchy in a merged party structure, and with it the perks and patronage that are increasingly important. Further, some former Zapu members who have already switched loyalties and hold ministerial office are none too enthusiastic about being joined by their erstwhile colleagues.

Whether Mr Mugabe will achieve his aim of an amicable merger remains uncertain. One of the major stumbling blocks was removed last December when Mr Daniso Dabengwa, a former commander in Zapu's guerrilla army which was disbanded at independence, and potential successor to the 70-year-old Mr Nkomo, was released from detention.

Yet the degree of bitterness towards Zanu (PF) in Matabeleland remains considerable. It is fuelled by memories of brutal army campaigns against the dissidents in 1983 and 1984 in which at least 1,000 civilians died and many more were mal-

treated.

The suspicion remains that most senior Zanu (PF) figures have little enthusiasm for a reconciliation with Zapu which, to be effective, would require not only an equitable allocation of portfolios but a commitment to greater spending on development in Matabeleland.

In the meantime the bandits are likely to continue and the province provides a recruiting ground about South Africa - already strongly suspected of supporting the dissidents - attempt to add to Mr Mugabe's problems by fanning insurrection in Zimbabwe's south-western province.

Mr Mugabe has had more success, however, in his search for Zanu (PF) hegemony in the campaign against the bloc of 30 white MPs in the 100-seat National Assembly who had been elected by barely 30,000 white voters.

Resentment against the white bloc, entrenched for seven years under the Lancaster House constitution, peaked at the 1985 General Election, when the conservative alliance of Mr Ian Smith, the unrepentant for-

mer prime minister, won 15 of the 20 seats at stake.

An irate Mr Mugabe, who interpreted the outcome as a rejection of his policy of reconciliation between the races, threatened at the time to override the constitution and abolish the seats. He stayed his hand, however, and the provision ran its course until the formal abolition of the white bloc last month. The 20 MPs and the 10 white Senators in the 40-seat Upper House will be replaced by members elected by the 80 black MPs who are expected to choose several whites to represent the minority community.

Of greater long-term significance are other constitutional changes the Government has in mind. Mr Edson Zvobgo, the minister of justice, legal and parliamentary affairs, has said that the plan is to introduce an executive presidency (a change likely to take place within a few months), abolish the Senate, and create an unicameral parliament. The last two changes will wait until 1990, when the Lancaster House constitution can be scrapped.

In the meantime, the negotiations for the unification of the two parties will continue, preparing the way for a de facto if not de jure one party state. Whether such a system will be to the liking of a majority of Zimbabweans remains to be seen. Although Zanu (PF) won a resounding victory at the 1985 election (84 of the 80 black seats) the party's popularity may well have declined.

Rising unemployment, double figure inflation which has left real earnings below pre-independence levels, concerns over growing corruption and unease at the Government's often authoritarian stance, has probably eroded some of the support that the party enjoyed.

Within Zanu (PF) itself there are some signs of divisions and tensions. These include the demotion of the outspoken Mr Edgar Tekere, former chairman of the Manicaland province branch of the party who has criticised the Government, the removal of Mr Zvobgo, chairman of the party in Matabeleland province, and controversy over Dr Herdet Ukwokunze, transport minister, who came under attack after two critical reports of his handling of the state-owned Air Zimbabwe and the National Railways.

Mr Mugabe himself, however, remains pre-eminent and whatever internal differences there may be, the grip of Zanu (PF) on the country looks like tightening. Certainly under the new constitution there will be no serious challenge at the ballot box to its authority.

Michael Holman

## Foreign affairs

## Boxed in on sanctions stance

IT HAS BEEN a mixed year on the foreign affairs front for Mr Robert Mugabe, Zimbabwe's prime minister.

On the one hand, he has assumed a more prominent place on the world stage following Zimbabwe's hosting last September of the non-aligned movement summit, and his subsequent appointment as the organisation's head.

But Mr Mugabe has had difficulty evolving a practical policy towards South Africa, threatening to apply a package of economic sanctions against the republic, but stepping down after the local business community pointed out the potentially disastrous consequences.

The non-aligned movement summit gave Mr Mugabe an opportunity to express his views on a wide range of issues: the difficulties developing countries are having in meeting their external debt commitments, international nuclear disarmament, and tensions in the Middle East. However, it is a subject much closer to home that dominates the concerns of Mr Mugabe and his Government.

Relations with South Africa and the republic's role in the region - notably its involvement in the war in neighbouring Mozambique - are critical both to Zimbabwe's economy and security, as events of recent months have underlined.

For some time it has seemed that Mr Mugabe was building up a head of steam which was leading him in one direction: the imposition of selective sanctions against Pretoria despite the consequences for the domestic economy and the near inevitability that South Africa would retaliate by applying sanctions of its own, notably a curb on Zimbabwe's use of the Southern road and rail links which carry some 80 per cent of the country's trade, while the republic is the source of 22 per cent of Harare's imports.

The clearest indication came last August on his return from the Commonwealth summit in South Africa which was held in London. Mr Mugabe said that Zimbabwe was prepared to impose the package of selective measures drawn up at the meeting which included severance of air links, and a ban on imports of steel and coke. The refusal of Mrs Margaret Thatcher, the British prime minister, to succumb to her government's 'racist' attitudes, declared Mr Mugabe, who went on to say that Zimbabwe was pre-

pared to make sacrifices. 'If we have to eat sadza (maize meal) without stew, we will do it'.

Ironically, shortly before the London summit Zimbabwe and South Africa had renegotiated their three-year old preferential trade agreement, but days before the opening of the non-aligned movement's summit Mr Mugabe announced that the agreement was going to be scrapped. 'The decision to implement sanctions will override the trade agreement'.

It was becoming clear, however, that Mr Mugabe was isolated from his Southern African neighbours. Mozambique and Botswana made it clear that they could not afford to implement sanctions. Kenya was reluctant to end its lucrative air links with South Africa, and President Kenneth Kaunda of Zambia - who like Mr Mugabe had committed himself to sanctions - was having second thoughts.

By the middle of this year the prospects of sanctions seemed to have receded, but in July a

stunned business community were told that trade sanctions were indeed going to be imposed and import licences were not valid for South African purchases. After vigorous lobbying the decision was rescinded, with Mr Mugabe having apparently suffered a rebuff.

Whether this episode marks the end of what one observer called 'a fiasco' is uncertain. In the meantime, Mr Mugabe has to deal indirectly with South Africa on the security front: the growing war in Mozambique into which Zimbabwe has been drawn.

The rebels of the Mozambique National Resistance (MNR) were originally encouraged and trained by the white Rhodesian Government. At Zimbabwe's independence in 1980 South Africa took over this role, and the MNR now poses a serious threat to the Government of President Joaquim Chissano.

Among the rebel targets is the so-called Beira corridor containing the vital road, rail and oil link between Zimbabwe's border town of Mutare and the

port of Beira. The corridor is essential to Zimbabwe's efforts to reduce trade and transport links with South Africa, and several thousand of Mr Mugabe's troops are protecting the facility.

Last October the Prime Minister declared that Zimbabwe would 'fight to the last man' to prevent a rebel takeover in the Maputo, a pledge which prompted the rebels formally to declare war on Zimbabwe, threatening to hit military and economic targets across the border.

It now appears that the rebels are putting the threat into effect, robbing stores, attacking tea estates, and killing civilians. Whether these developments are in fact part of a considered strategy is not clear, but they are adding to the Government's security problems which are not confined to the eastern border.

Mr Mugabe suspects that South Africa is also involved in the skirmishing in the south west province of Matabeleland, where former guerrillas once loyal to Mr Joshua Nkomo, the leader of Zapu, have killed nearly 60 white farmers since 1980 and murdered many more black civilians.

Recent reports suggest that the 'dissidents', as they are known, are stepping up their activity and although western diplomats in Harare put their strength at no more than 300, they none the less have the capacity to disrupt and demoralise the province.

Perhaps the most practical form of assistance to Zimbabwe in the face of these problems has come from Britain, which provided a military advisory and training team at independence to help train and integrate the guerrilla and regular forces of the new national army. Today over 40 British military advisers continue a training programme, not only of Zimbabweans but also, since 1985, of junior officers from the Mozambique army at Nyanga on the eastern border with Mozambique.

Relations with the United States have not been so cordial. The US suspended its aid programme last year after a Zimbabwe minister harangued guests at a July 4 Independence Day gathering about the shortcomings of President Reagan's policies towards South Africa. While contacts have since become more cordial, the programme remains suspended.

Michael Holman



Protecting a civilian convoy from MNR attacks in Mozambique where Zimbabwe has been drawn into the escalating war

## LONRHO, PART OF THE STRENGTH OF ZIMBABWE

Lonrho's great strength lies in its ability to create much needed foreign exchange, notably through exports but also by way of import substitutions. The diversity of its many activities enable Lonrho to make a major impact on Zimbabwe's economy.

Among the most prominent of Lonrho's currency earners are:

## MINING IN ZIMBABWE

Lonrho produces just under one third of the Nation's gold and constant investment enables the Company to look forward to increased output in the future.

## THE WATTLE COMPANY

235 million exports of wattle extract and coffee.

## LONRHO RANCHING OPERATIONS

55 000 prime cattle on six ranches - helping the C.S.C.'s beef export drive.

## DAVID WHITEHEAD TEXTILES LTD.

Exported over Z\$8.9 million worth of products in 1984.

## ERMI - ENGINEERING RESEARCH AND MANUFACTURING INDUSTRIES

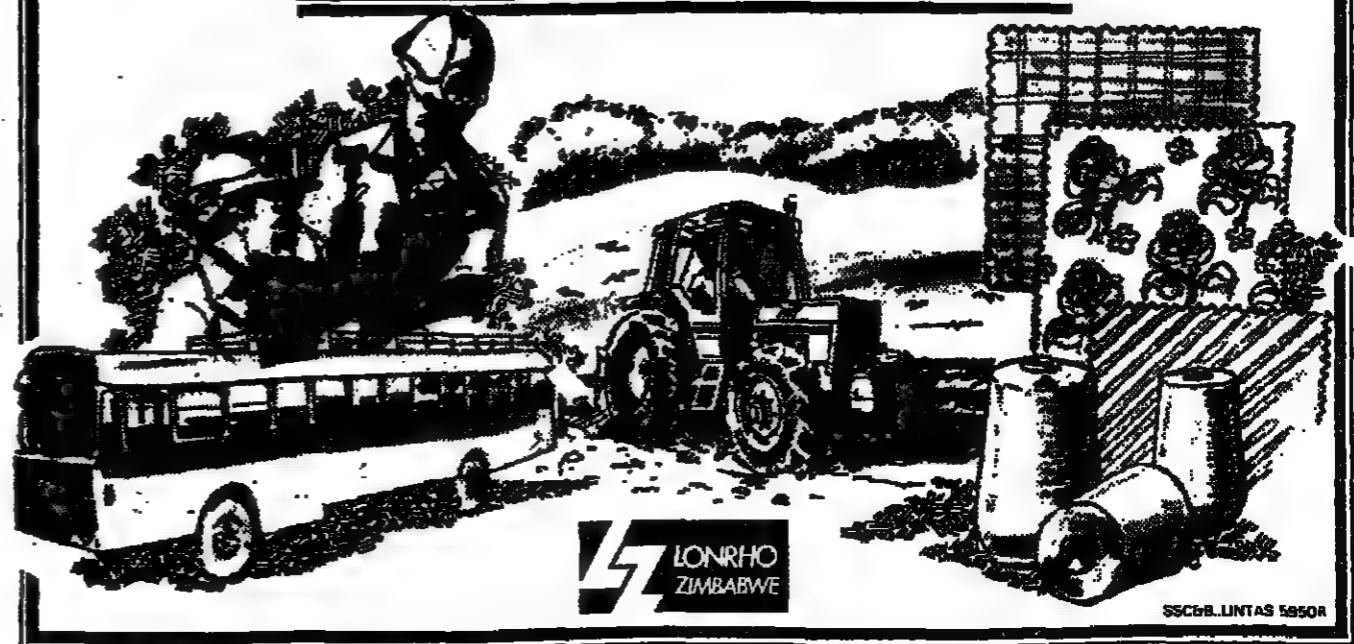
Saving foreign currency by manufacturing components previously imported

## TURNPAN ZIMBABWE LIMITED

Exciting new technical developments towards agricultural self sufficiency and exports.

Our purpose - self sufficiency in Zimbabwe through development and improved technology.

## LONRHO PART OF THE STRENGTH OF ZIMBABWE



LONRHO ZIMBABWE

SSCB/LINTAS 1980A

## THE ZIMPAPERS GROUP OF COMPANIES

## ● ZIMBABWE NEWSPAPERS (1980) LIMITED ●

P O BOX 396, HARARE TEL 795771 TELEX 2274 ZW  
Publishers of Zimbabwe's leading and most influential newspapers

**HARARE** The Herald  
**BULAWAYO** The Chronicle  
**MUTARE** The Manica Post  
The Sunday Mail The Sunday News  
Kwayedza/Uthunywa

## ● NATIONAL PRINTING AND PACKAGING ●

(Formerly Mardons)

P O BOX ST 83, SOUTHERTON TEL: 67671 TELEX 2019 ZW  
Specialists in all aspects of high quality printing and packaging, including:-

- Educational books - magazines - newspapers -
- Security printing (stamps and cheques)

## ● BOLD - ADS ●

P O BOX 1027 HARARE TEL 705199 - TELEX 4092 ZW  
Publishers and printers of the official Zimbabwe Telephone and Telex Directories - calendars - diaries - trade directories - maps.

London representative: Arnold N Raphael Zimbabwe Newspapers (1980) Limited 11-13 Holborn Viaduct, LONDON EC1P 1EL Telephone 01-489-0063/64 Telex 942021.

## ZIMBABWE 4



The FT safari: trekking on wheels

## Game parks

## Wild life in all its splendour

A GREAT many travel brochures offer the tourist the holiday of a lifetime but how many, I wonder, actually come anywhere near to fulfilling their promise?

Last month, 15 intrepid FT readers and I, aided by travel organisers Abercrombie and Kent and two of Africa's top-most professional guides, completed the second Financial Times safari. If you are a tourist in Zimbabwe and know where to go - and above all have the right people to guide you - a unique experience awaits you.

I can say this since I was not the safari's inspiration - Lucia van der Post, editor of the Weekend FT's How to Spend It page, helped to conceive it and accompanied the first FT safari last year. But this year's group agreed with last year's: there is no doubt that Zimbabwe can offer the holiday that will linger in the memory.

This year's safari, like last year's, centred round three of the country's six great national game parks - Hwange, the big-

gest, which borders the Kalahari; Chimarira, one of the wildest parks in Africa; and Mana Pools, among the most beautiful.

Our tour began in Harare, with a night at Melkies Hotel (still as good as ever) and then we flew to the magnificent (and to my taste now too popular) Victoria Falls. From there came the real safari as we stayed in tented, unfenced camps and tracked on foot big and small game, watched a multitude of birds and drove and walked through some of Africa's most rugged and remote countryside before, finally, canoeing down the great Zambezi river.

Our trip was led by Alan Elliott, a fourth generation Zimbabwean of great charm and deep experience of the African bush. Alan's colleague guide was Alistair Chambers, a young man able to convey enthusiasm for Zimbabwe's natural world of animals, flowers and trees.

The group itself came from far and wide - New Mexico, Philadelphia, Trinidad, Spain,

Switzerland, Ireland and Britain. We started strangers and ended up friends and each now treasure memories that will probably always be with us.

There was, for example, the high excitement of tracking elephant on foot through bush, tension mounting sharply as Alan Elliott, rifle on shoulder, stopped and beckoned us on by turns through the crackling undergrowth. Suddenly, heavy feet pounded. "Run back to those trees. They're stampeding!" Alan shouted as we all - including the three grandmothers in the party - turned and fled to safety with a speed that surprised us all. Later Alan admitted that he "had vibes" in the thick bush, though in retrospect he reckoned the elephants - which we never saw - were charging nearby rhino, not us.

Then there was our first night on the Zambezi, at Bukomechi camp. When we'd gone to bed, the grunts of the hippos and the mutterings of baboons in the thorn trees above us masked, for all but the ears of Alan and

Alistair, the sounds of four adult lions preying on water-buck not 200 yards from our hut. Our guides roused most of the group, who then spent an enthralling hour watching the lions devour the hapless animal.

But there were quieter moments too. The evening walks across the ochre plains of Hwange, when we suddenly stopped to listen for a browsing animal or grazing herd. Or just riding through the open grassland, wind in your hair, sun in your face and only a group of giraffe or distant herd of buffalo to interrupt your view of the quintessential Africa.

Or there was the early morning walk along a bubbling stream in Chimarira, the gentleness contrasting with the crueler sun and desolate and burned country of the long drive the day before. In a few hundred yards we counted 22 species of birds, from the scarlet-chested sunbird to the lilac-breasted roller, the green pigeon and the malachite kingfisher.

Later, canoes drifting with the current down the huge Zambezi river, we watched an elephant family cross to a sandbank, hippos cavort and myriads of carmine bee-eaters glitter against the declining sun.

With both our guides, divided into small groups we tracked and trailed game on foot and by Land Rover, and from seeing very little in the dusty Kalahari sand at first, we later learned to plot the elephant's path, distinguish between the big cats and know what had walked ahead of what, and when. The two men made us see things we'd never seen before - and made us see, too, that the divide between the human and the animal kingdoms is much less sharp than our western minds suppose.

Special skills were drawn on. Walking British hills was put to good use by clambering through a wild gorge near the Zambezi, while our gastro-entomologist professor collected, labelled and photographed the remarkable variety of the bush yielded, for the later education of his students.

And all of us loved the impromptu nature talks from Alistair Chambers, who has a knack of bringing alive the personality and quirks of the animals of the bush. One day as we sat tensely watching a huge herd of elephant move through the thick bush he whispered to us of the life and times of that great creature, ending with clinical details of its sex life.

There were many things in our two week safari that we did not do, which a tourist in Zimbabwe with more time or different inclinations, could accomplish. We did not see the sombly magnificent, mysterious stone ruins of Great Zimbabwe, nor visit the eastern highlands to fish in cool streams or go climbing on smooth rocks. Neither did we see anything of the Matopos Hills, where Cecil Rhodes is buried, nor of the rich farmland which the descendants of his pioneers helped establish (and which today means that the tourist enjoys a wonderful variety of fruit and vegetables and dairy products unrivalled in Africa).

Information on how you could enjoy some of these delights is found in the adjoining panel. If you are envious of our particular trip, write to Lucia van der Post, or to me, and we will see whether we can get a third FT safari underway, next year.

Bridget Bloom

Major exports					
	1980	in million Zimbabwe dollars		1986	
Tobacco	1	1223	1	424	
Gold	2	115.2	2	413	
Perchromite	3	88.1	3	210.1	
Asbestos	4	80.1	7	82.7	
Steel	5	72.7	8	72.5	
Cotton	6	58.1	4	132.8	
Nickel	7	52.8	6	83.1	
Sugar	8	47.4	10	63.1	
Maize	9	10.8	5	91.1	
Coffee	10	6.9	9	86.2	

Balance of payment problems are hampering the growth of exports

## Investment held up by debt servicing costs

ZIMBABWE'S BALANCE of payments difficulties are explained by the combination of slow export growth, a high debt-service ratio and negligible foreign investment inflows. Export performance has been weak, partly reflecting four drought years, world recession and depressed commodity prices but also the failure of exports of manufactured goods to break into export markets.

Indeed, while exports of manufactured goods have more than doubled since 1980, their share had fallen from almost 20 per cent to less than 14 per cent last year, when 10 primary or semi-processed products - including steel and ferrochrome - accounted for 80 per cent of total exports.

While exports have been growing at 17 per cent annually (by value) since 1979, this has already reflected currency depreciation and higher world market prices, and volumes have expanded only three per cent each year. Measures to boost exports have included the export incentive scheme - which applies only to exports of manufactures - and an active exchange rate policy which devalued the Zimbabwe dollar by 45 per cent from its peak in late 1982 to its current levels. Estimates of the real effective exchange rate for the Zimbabwe currency suggest that it has depreciated more than 30 per cent in the past five years.

Currency depreciation allied with swelling cuts in import allocations have generated a strong and growing trade surplus which reached \$280m last year compared with a deficit of \$231.4m in 1982.

Despite this, the balance of payments position remains under acute strain reflecting the substantial deficit on invisibles which reached \$280m last year, virtually wiping out the entire trade surplus. Interest payments on official debt are estimated to be costing some \$234m annually - by far the largest component in the invisibles deficit. Zimbabwe borrowed heavily abroad in the immediate

post-independence years partly to finance re-equipment in the public sector but also for balance of payments purposes. As a result, public foreign debt has increased nearly four-fold from US\$60m in 1979 to US\$240m last year. Over the same period the debt service ratio rose from less than one per cent in 1979 to an estimated 33 per cent this year. Since 1983, the authorities have followed a very cautious foreign debt policy, and Zimbabwe will be over the hump in capital repayments by 1990 by which time the debt service ratio drops to the 20 per cent level.

With debt-service currently absorbing more than 30 per cent of export earnings, severe import compression has been necessary accompanied by tight exchange controls. In May this year, the Government announced a new ceiling on foreign dividend and profit remittances of 25 per cent of after-tax profits. At the same time, positive measures were announced to encourage foreign-owned firms to reinvest in Zimbabwe rather than repatriate their earnings. It is too early to judge whether these are having a marked impact other than in the obvious field of investment in bricks and mortar. Indeed, a disconcerting aspect of Zimbabwe's foreign investment profile has been the recent trends towards disinvestment by foreign companies. This was only to be expected from some South African-owned organisations, but British and US-owned businesses have also been considering divesting, though the scale of capital outflows remains very modest.

Official figures show net private sector long-term capital inflows totalling only \$20m with net outflows being reported for the last three years. The reluctance of foreigners to invest is explained partly by the regional geopolitical situation, partly by the country's disappointing overall economic performance but also by official attitudes towards private foreign investment. In a recent parliamentary

statement, Prime Minister Mugabe observed - surprisingly in the light of recent international trends - that he preferred foreign borrowing to foreign investment, while a senior government official said that there were very few products and processes that Zimbabwe could not provide for itself, and that therefore foreign investment was unnecessary.

Given the high ratios of foreign ownership in manufacturing (at least 55 per cent) and mining (more than 80 per cent), such attitudes are hardly surprising, but they underscore the fact that foreign capital inflows are unlikely to ease substantially Zimbabwe's balance of payments position over the next few years.

Some deterioration in the balance of payments seems likely this year reflecting debt-service outflows (repayments as well as interest) of an estimated \$285m alongside slower export growth. Last year exports were boosted by a rundown in gold stocks, but this cannot be repeated in 1987. While officials hope that with debt-service obligations peaking over the next 18 months, the worst is past on the balance of payments front, the reality could be rather different for two reasons.

First, the mid-year sanctions severe when Zimbabwe went to the brink over trade sanctions against Pretoria, is likely to result in lower exports to South Africa and an accelerated diversification of sources of supply. South Africa, with 15 per cent of the total is Zimbabwe's main trading partner and trade with Pretoria will affect adversely export values and import prices and cost.

Secondly, it is increasingly evident that the import-repression strategy is penalising exports. Export orders are being lost because exporters do not have the necessary raw materials or spares or the railways do not have the capacity because their locomotives are off the rails awaiting imported spares.

Tony Hawkins

## From Wall Street to Harare the Leopard doesn't change his spots

Money-dealing is the same wherever it is done. It's just the environment that changes.

The Merchant Bank of Central Africa in Harare, Zimbabwe - associated with some of the world's leading banking houses - is ideally placed and has the right backing to offer sound professional advice and recommendations on all banking matters not only in Zimbabwe but also regionally.

Like the Leopard's spots the standard of our financial service never changes - it's always high.

**MB-CA**

**MERCHANT BANK OF CENTRAL AFRICA LIMITED**

Livingstone House, Samora Machel Avenue, P.O. Box 2260, Harare, Zimbabwe. Tel: 2538 210 Telex: 72801

### Cluff Mineral Exploration (Zimbabwe) Limited

15 SAMORA MACHEL AVE., HARARE  
Tel. 2530-790039, Telex 907-2172

Man. Dir. N.J.G. Graham Fin. Con. G. Gomwe



A SUBSIDIARY OF CLUFF OIL HOLDINGS PLC  
58 ST. JAMES'S STREET, LONDON SW1A 1LD

Telephone 01-493-8272, Telex 24352

### These are symbols of progress.



The Minerals Marketing Corporation of Zimbabwe is the central authority for the distribution of all Zimbabwe's mineral wealth.

All your mineral and gem requirements can be met through our office in Harare and in Botswana, Lesotho, Swaziland, copper, coal, asbestos, lithium ore, graphite, gemstones...

The MMCZ - sole agents for Zimbabwe's mineral wealth.  
P.O. Box 2622, Harare, Zimbabwe.  
Phone 70582/703402, Telex 4573 MMCZ

## Manufacturing industry

## Expansion hit by monetary constraints

ALTHOUGH manufacturing industry has contributed about one-third of Zimbabwe's economic growth since independence, almost all of this was achieved in 1980/81 since when it has stagnated. Manufacturing value-added (MVA) jumped 27 per cent in the first two years of independence but in the subsequent six years it has expanded less than one per cent, running out of steam as the foreign exchange constraint tightened.

In 1980, manufacturing industry seemed poised to boom after battling to survive through five years of falling import allocations and stagnant domestic demand. At that time, Zimbabwe's manufacturing sector was second only to that of Nigeria in sub-Saharan Africa (excluding South Africa) accounting for some 4.5 per cent of regional industrial production.

Rapid industrial growth in the early years of independence was fuelled by buoyant domestic demand and a 60 per cent increase in real import allocations in 1982 brought about by drought and world recession resulted in sharp reductions in import allocations which by the first half of 1987 were running at no more than 30 per cent of their 1982 levels. Although the import dependence of Zimbabwe industry is very low by African standards - about 25 per

cent of inputs are imported - industrial growth slowed to a trickle, employment declined and capacity utilisation rates fell in the wake of import compression of this magnitude.

It is quite clear that manufacturing industry will not regain its earlier momentum unless or until real import allocations are increased substantially. It is estimated that manufactured exports generate sufficient foreign exchange to finance some 70 per cent of the sector's import requirements. While this is an exceptionally high ratio for a developing economy, this statistic masks two very real problems. The first is that in an unregulated situation industrial imports would be substantially higher reducing the ratio to below 50 per cent. The second is that one of the consequences of inadequate import allocations, aside from falling capacity utilisation and shortages - is a very low level of industrial investment and a consequential alarming deterioration in the quality of the capital stock.

Data on the age of the capital stock are hard to come by, but a World Bank study found that in textiles, the vast majority of equipment was more than ten years old, while one-quarter of the weaving industry's equipment was at least 20 years old. In the steel industry, one of the two blast furnaces was built in 1961.

A further indication of an ageing capital stock is the decline in investment and replacement investment. In the mid-1980s, manufacturing investment was less than half its peak 1974 levels, again reflecting the foreign currency crisis, since it is calculated that about 70 per cent of any industrial investment project represents foreign exchange inputs.

Given the difficult international environment for primary product export growth, it is increasingly acknowledged that Zimbabwe's industrial sector must look outwards and itself generate the foreign exchange necessary to finance the considerably higher levels of imports that are essential if manufacturing is to achieve a satisfactory



'Mazowe Red' iron being made in Harare

growth path. The logic of the argument is that obvious and easy import substitution opportunities were exhausted during the sanctions period and, in fact, upwards of 90 per cent of industrial growth over the past 20 years has been domestically-oriented. Only about 10 per cent of industrial output is exported - down from 20 per cent in the mid-1970s.

Since industrial exports have been a lagging sector and since industry desperately needs foreign currency, export-biased growth is essential. But whether this is achievable is problematical, given stagnant regional markets, the probability of a sharp decline in export sales to

South Africa - which takes some 25 per cent of total manufactured exports.

Zimbabwe policymakers are being urged by the World Bank to liberalise existing import controls as a condition for a new export promotion loan, an expansion of the bank's existing export-revolving fund loan. While both the Government and industry favour import liberalisation, both sides are warning that it must be a planned and measured process and that there can be no overnight 'dash for economic freedom'. The two sides warn too of the possibility of de-industrialisation if liberalisation is too rapid, but the

World Bank estimates that about two-thirds of Zimbabwe industry is broadly competitive by international standards and this, allied with a judicious tariff policy, would ensure that few industries would go to the wall.

With the recent South African sanctions scare likely to erode trade between the two countries, the need to find new export markets for the spectre of continuing stagnation in the mining sector, apart from gold and ferrochrome, and rapid unemployment growth underlines the need for a bold and imaginative industrial strategy.

Anthony Hawkins

## The Beira Corridor

## Port's key role grows

EVERY MORNING as dawn breaks in Mozambique gangs of railway workers set out to inspect the night's damage to the 314-km Beira corridor linking Zimbabwe to the sea.

They could discover unexploded landmines waiting for the day's passing freight trains, and about twice a week they will find that rebels of the Mozambique National Resistance have succeeded in snaking past Zimbabwean troops to blow up the track. The railway authorities say proudly that they can usually fix the line in half an hour. Occasionally the guerrillas will destroy a bridge, and that can mean a 48-hour repair job.

Despite the attacks on the railway, and on the road and the fuel pipeline running alongside it through central Mozambique, Zimbabwe is gradually increasing its use of the port of Beira and reducing its heavy trade dependence on South Africa.

Much of the initial euphoria generated by the 10-year, US\$500m project to rehabilitate the Beira route has never been evaporated with the realisation that Zimbabwe and the other countries in the region will probably be tied to South Africa for many years to come.

The Zimbabwe Government, committed to sanctions against Pretoria but unable to implement them, has emphasised the political importance of diverting traffic away from South African ports, while Zimbabwean businessmen, acting through the Beira Corridor Group (BCG), are anxious to stress the economic advantages.

Beira is the natural and traditional port for most of Zimbabwe, three times closer to the capital Harare than Durban in South Africa. Mr Eddie Cross, managing director of BCG, says businesses can save US\$500 to US\$1,000 a container by using Beira and he estimates that the region would save an annual US\$1,600m - eight per cent of gross overseas trade value - if Mozambique ports were used to the same extent now as in the early 1970s, before Mozambique's independence from Portugal and the start of the civil war.

At the end of 1983 Zimbabwe was transferring more than 90 per cent of its overseas trade through South Africa, and the region as a whole (southern

handling 30 per cent of Zimbabwe's overseas trade and the South African share is down to 70 per cent. For the region Beira is taking 20 per cent and the South African stake has dropped to 50 per cent.

By 1990, Beira might be handling up to five million gross tonnes, half the region's trade, although the port remains vulnerable to attack by the South African armed forces and the rebels they used to - and perhaps still do - support.

"It's just a question of slowly pushing up the volumes now," says Mr Cross, "and that's happening too slowly for my liking. I don't think any businessman today can argue that the Beira system is more expensive for the majority of commodities."

Some bulk traffic such as sugar from southern Zimbabwe, BCG accepts, should go via the appropriate bulk loading facilities at Maputo port. The damaged direct railway line via Chicuala to Maputo, avoiding the current route through South Africa, is also being refurbished.

Businessmen in Zimbabwe have been switching only slowly and cautiously to Beira as they gain confidence in the route. Although the theoretical cost of transport to and from Beira may be lower, the route's lack of reliability can affect delivery times and introduce hidden costs. In August only five per cent of Zimbabwe's tobacco, the country's most valuable export, was sent out through Beira, which used to be the main outlet for the commodity.

Exporters and importers face a range of problems apart from sabotage. Beira is a shallow harbour and it suffers from a shortage of direct shipping services to Europe and elsewhere. (There is little point in exporting through Beira if the goods have to be trans-shipped in Durban anyway.)

Such ominous incidents on Zimbabwe's eastern border threaten to overshadow the hopeful talk of settling Zimbabwean farmers along the corridor and the achievements of the BCG in revitalising Beira and helping to raise the US\$200m already committed by donors to the Beira corridor project.

Victor Mallet



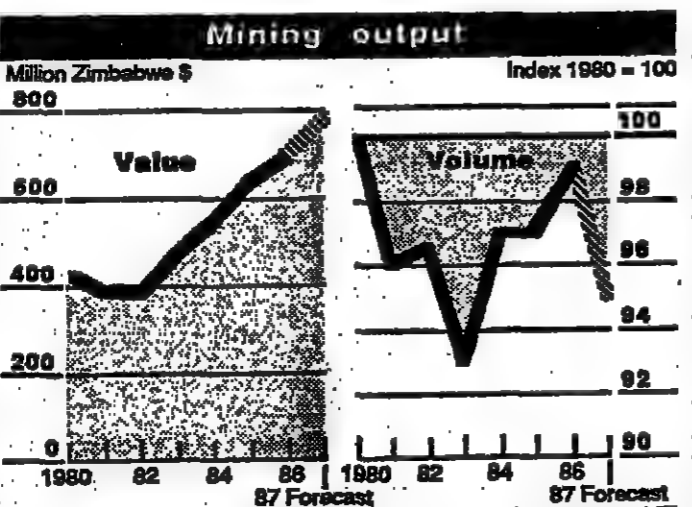
## Mining

## Price rises lift prospects

AFTER A disappointing period of output stagnation, declining investment and falling output, mining industry prospects are looking up following the 1987 upturn in commodity prices. There has been no growth in the industry since independence with real value-added last year being the same as in 1980, but the combination of higher world market prices for some metals - notably gold and ferrochrome - and currency depreciation has resulted in 12 per cent annual growth in the value of production.

Gold which now accounts for more than 40 per cent of mineral production by value - compared with 25 per cent before independence - will increase in importance, mainly as a result of a substantial number of small-scale investment projects involving the re-opening of mines closed in the 1930s and 40s. Contributing only seven per cent of GDP and accounting for five per cent of employment, the mining industry's crucial strategic role in the economy lies in the export field. With last year's run-down in gold stocks and the doubling in gold exports to US\$200m, the mining industry accounted for 44 per cent of total export earnings. Although several different minerals are produced just four commodities - gold, ferrochrome, asbestos and nickel - provided 35 per cent of exports.

This year, prospects for both gold and ferrochrome have



brightened and gold output, which has increased one quarter to 490,000 ounces since 1979, will continue to rise. Indeed, the Zimbabwe Chamber of Mines estimates that gold output can be doubled in the next five to 10 years. Government policy has encouraged gold development with its own Zimbabwe Mining Development Corporation opening up the disused gold Elvington property in the Midlands, which will earn US\$12m a year in exports, while the guaranteed support price system - introduced at a time of depressed bullion prices - has been a key factor in encourag-

ing this redevelopment of disused mines. Three growth options for the industry have been identified - increased exploitation of existing deposits, greater beneficiation and value-added within Zimbabwe and, of course, the discovery of new deposits. Since independence, such has been the world slump in base metal prices that the focus has been upon the first two options with little investment in new exploration. Most of the new projects - with the exception of Rio Tinto's redevelopment of the Renco Gold Mine and the substantial investment in the open-cast pit at Wankie Colliery - have either improved value-added or raised production capacity through the implementation of modern techniques and new equipment.

This explains why output volumes this year are likely to remain some five per cent fractionally below their 1980 levels and 15 per cent below the peaks established in the mid-1970s. Asbestos production - traditionally one of the country's top three exports - has fallen by almost a third since 1980, though market demand has improved this year and at present the industry is unable to meet some export orders due to the shortage of foreign exchange.

Copper and nickel output this year has been running at little above half 1980 production levels and in mid-year the country's main nickel producer, Anglo-American Corporation's Bindura Nickel Corporation announced plans to put its mines on a care and maintenance basis by September 1988. Because this would have involved retrenching some 4,000 workers, the government stepped in and discussions on a financial res-

cue package for the group are under way. In the midst of all this, there has been a quite unexpected surge in nickel prices, so that at current price levels Bindura is approaching a break-even situation, after losses of some US\$20m (US\$19m) in the past 18 months. Whatever the outcome of the rescue negotiations some cutback in operations seems inevitable unless there is a sustained nickel price recovery, which seems improbable, or a substantial devaluation of the Zimbabwe dollar.

Indeed, apart from gold it is only coal - where output has risen more than 40 per cent mainly to supply the thermal power station at Hwange - and some of the minor metals where production volumes have increased. If the 1987 upturn in commodity prices is sustained, then this trend may be reversed in 1988/9 but much is going to depend on three crucial input constraints - the lack of foreign exchange for the purchase of essential spares and components, transport congestion - also a foreign currency problem since the railways are unable to maintain their locomotives due to a spares shortage - and capital investment in new techniques and equipment. To these must be added a critical pricing consideration - the exchange rate.

The Zimbabwe dollar has held its parity against the depreciating US dollar for about 2.5 years now, while costs have escalated substantially ahead of inflation rates in the Organisation for Economic Co-operation and Development. In this situation market penetration will become increasingly difficult, especially should transport costs and difficulties intensify because of the regional geopolitical situation. At this juncture prospects for substantial new investment in mining do not look encouraging. In part this reflects the worldwide unpopularity of investment in raw materials, but it is also a consequence of regional political uncertainties and uncertainty over the Government's role in the industry.

With its purchase of Mhangura copper mine, its controlling (minority) stake in Wankie and its control over marketing via the state-owned Minerals Marketing Corporation - government attitudes towards investment in strategic industry are crucial. Foreign investors - essential to mine development in the 1980s - are going to insist on favourable terms before they commit substantial new funds to mining in Zimbabwe.

Anthony Hawkins

Some day soon, when Zimbabwe features in your plans, you're going to need an agent who you can rely on to get your business moving.

**BANKING SERVICES INCLUDE:**

- Local and off-shore import/export finance
- Financing the movement of goods through acceptance credits, countertrade and forfait transactions; the handling of commercial letters of credit; the negotiation and collection of foreign bills; all types of foreign exchange and advice on local exchange control matters; accepting call or term deposits; short and medium term finance; bridging finance; leasing and hire purchase.

**OTHER SERVICES INCLUDE:**

- Public issues and underwriting; raising development capital; negotiation of mergers and takeovers; capital reconstructions; general corporate financial advice; project finance; preparation of economic reports; special economic studies; share transfer; secretarial services; estate planning; and trust administration.

(Zimbabwe's capital, Harare, has approximately 2,000,000 people and 2,000,000 people live in the surrounding area.)

# ral

**RAL MERCHANT BANK LIMITED**

RAL House, 67 Samkai Machel Ave., Box 2786, Harare. Tel. (263-0) 703071. Telex: 41136 RAL BANK ZM, Charter House, Selborne Ave., Bulawayo. Tel. (263-0) 67147.

BARKER, McCORMACK RAL 308 B

**NOW**

**almin**

**STANDS FOR A LOT MORE.**

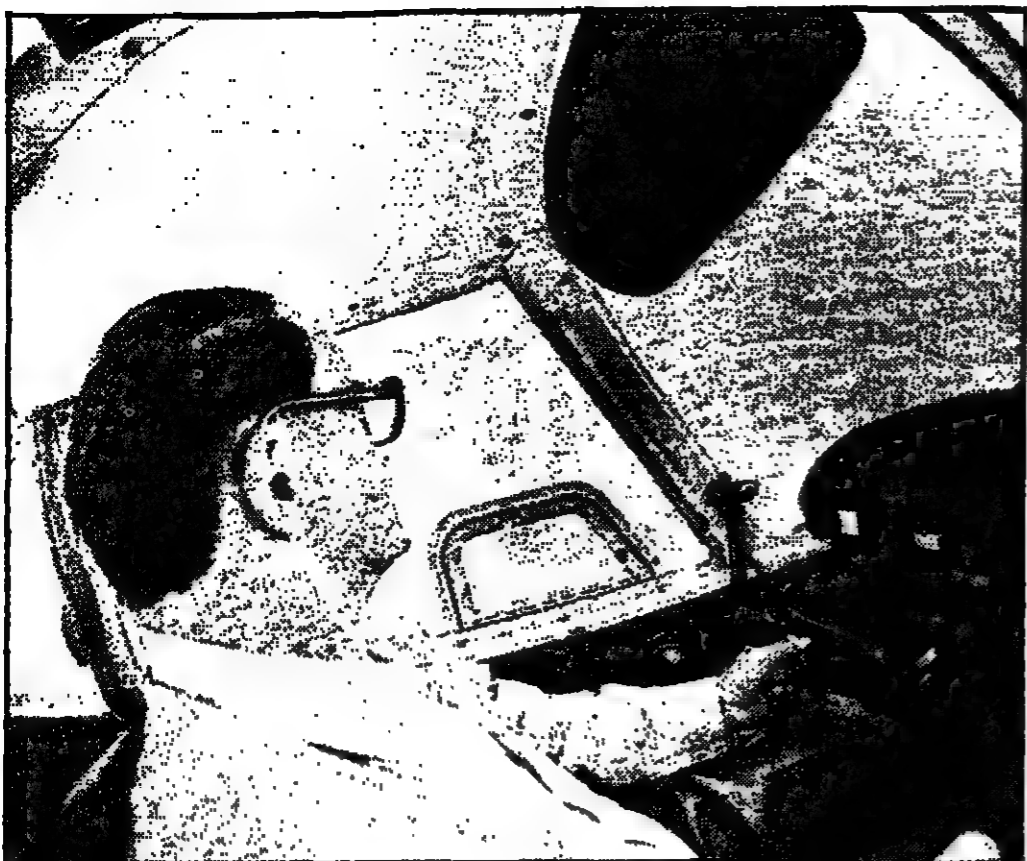
Almin Metal Industries Limited (formerly Aluminium Industries Limited) can now offer a range of copper alloy extruded, drawn, and annealed tubes, sections and rods, in addition to its current range of aluminium foil, extrusions, rods, tubes, castings, and anodised aluminium sections.

A major investment in plant and machinery has been completed to convert Zimbabwean copper cathode into semi-fabricated products for local and export markets. Technology transfer from Austria Metall AG assures quality standards to BS and DIN specifications.

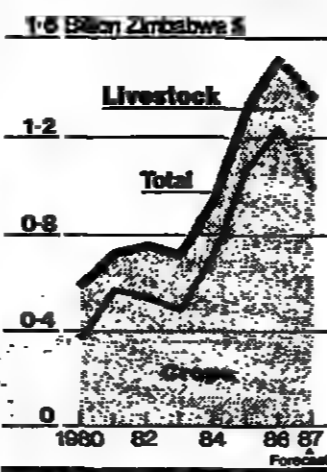
Contact: — M B Noon  
Light Metals — M L Phipps  
Heavy Metals — J M Taylor

Telephone Harare 94511  
Facsimile 97100  
Telex 4328 ZW  
Cables Almin

## ZIMBABWE 6



Agricultural output



A Zimbabwean white farmer surveys his crops from his air. The more fertile land is still largely in the hands of a few thousand commercial farmers

## Agriculture

## A bad year for farmers

THIS YEAR is likely to be the worst for Zimbabwe agriculture for more than a decade. The combination of what many farmers describe as the worst drought in living memory, the world agricultural glut and depressed tobacco prices are forecast to result in a 10 per cent fall in the value of farm production this year which - on its own - will cause a two to three per cent decline in real GDP.

Although agriculture has accounted for only ten per cent of economic growth since 1979, it remains the engine of economic expansion since when farming falters the other sectors have not been able to grow. This reflects the central role of farming exports, accounting for 42 per cent of the total in 1986, and also the sheer breadth of the agricultural sector which provides a livelihood for upwards of 75 per cent of the population.

The peasant sector's role has been crucial with crop sales by small-scale communal land farmers increasing ten-fold in the first six years of independence from a mere six per cent of the total to 18 per cent last year. Because of the drought there will be a sharp decline in output this year with maize deliveries forecast to fall by as much as two-thirds. This will be partially offset by increased cotton earnings with total cotton production - by both peasant and large-scale commercial growers - forecast to increase 17 per cent to some 290 000 tonnes.

Despite this, peasant sector incomes will be the lowest for

three years while in the large-scale commercial sector a substantial 50 per cent improvement in beef earnings will, to some degree, cushion the impact of sharply-reduced revenues from maize, wheat and coffee.

Traditionally tobacco and maize have been the mainstays of the agricultural sector. Last year, these two crops were valued at \$2494m (US\$380m) or 45 per cent of total farm incomes. Cotton (12 per cent of the total) and beef and sugar (about 9 per cent each) account for further 30 per cent, so that five products contribute some 75 per cent of total output.

A year ago, a new maize policy, designed to reduce output after two seasons of excessive production was announced and this, allied with very poor rainfall, has resulted in a 75 per cent fall in maize deliveries. But because of the large maize stockpile - which currently stands at 1.8m tonnes or enough for two years' consumption, farmers see little prospect of a significant increase in the producer price and the present planting intentions of large-scale producers indicate a further 20 per cent cutback in the area planted out to maize. Farmers who - 20 years ago - were diversifying out of tobacco, because of economic sanctions, and into cotton, beef and sugar, see a new and, in many respects, even more difficult diversification decision in the late 1980s. While beef, its prospects buoyed as a result of Zim-

babwe's 8,000 tonne beef export quota in the EEC, is a profitable product, many growers have burned their fingers in tobacco this year. Average tobacco prices are likely to decline by 25 per cent this year, reflecting the 4 per cent increase in leaf production last season, a poor quality drought-affected crop at a time of stagnant world demand. The market situation has been exacerbated by the weak US dollar, the accelerated run-down of the US stockpile and a larger and higher-quality Brazilian crop.

As a result, an estimated 200 tobacco growers will go to the wall this year - unless bailed out by the banks - and with market experts warning that conditions will remain difficult for at least another two years, many farmers are looking to newer and different crops, especially fruit and horticulture. Commercial producers see exporting as their best bet at a time of escalating subsidies and the prices and wage freeze. The freeze means that the Government will be reluctant to increase producer prices for locally-produced products - such as maize, milk and wheat - since it won't be possible to pass on the higher prices to the final consumer. Subsidies to the state-owned agricultural marketing board have increased eightfold since 1980 to \$225m (US\$140m) this year and with the Government anxious to trim its burgeoning budget deficit, the subsidy vote is the most obvious candidate for treatment.

Exports - especially of items that are not handled by the government marketing boards such as fruit and flowers - offer a way out by avoiding both the subsidy and the domestic pricing constraints. But this kind of diversification cannot be implemented overnight and is dependent on a competitive exchange rate if Zimbabwean producers, with their transport cost disadvantage, are going to penetrate European markets successfully.

The other diversification crops being developed by farmers include soyabean, groundnuts, cotton - and to a much lesser degree - coffee. In every case, profit margins are under pressure because of mounting input costs - tractors, farm machinery, spares, chemicals and pesticides - the glut in world supplies and Zimbabwe's geographical disadvantages as an exporter. For this reason, it is doubtful whether agriculture can maintain its role as the engine of economic growth.

That said, provided good rains fall over the next six months, there should be a strong agriculturally-driven rebound in the economy next year, but unless this is exported the present import straitjacket will again undermine the recovery in 1988 just as it did in 1986. It is recognition of this reality that is hardening agriculture's resolve to look outwards over the next few years.

Tony Hamilton

## Peasant resettlement

## Land hunger widespread



Progress is slow in peasant resettlement

"THE SOIL belongs to the people," Zimbabwe Prime Minister Robert Mugabe once said, "and the people must have it." But the land which, let to black majority rule in Zimbabwe seven years ago was about more than political power - it was also about ownership of the land.

Guerrillas fighting to overthrow the white Government in South Africa - where blacks are squeezed onto rural reserves making up a much smaller proportion of the land than was the case in Rhodesia - have put a similar emphasis on land rights and must therefore be watching Zimbabwe's progress with interest if not consternation.

An ambitious programme, backed by Britain and other foreign donors, to resettle peasants from the overcrowded communal areas (previously known as the Tribal Trust Lands) on land bought from white commercial farmers appears to have run out of steam.

With Zimbabwe's population growing at an alarming rate of more than three per cent a year, land hunger remains widespread and squatters have illegally occupied parts of some commercial farms and even state land set aside for resettlement by other peasants. But the figures show extraordinarily slow progress.

It was planned that 162,000 families would be resettled by mid-1985. By then only about 35,000 had moved and in the two years since that date the total has risen to only 40,000 households. Government officials say the new target is to resettle 150,000 families, although this would mean the Government recommitting itself in earnest to the project.

The more fertile land originally set aside for whites when the country was called Rhodesia is still largely in the hands of whites. Poorer communal areas with some 800,000 families make up 41.8 per cent of Zimbabwe's land - a few thousand large-scale commercial farmers own 33.6 per cent. Land for resettlement takes only 2.5m hectares or 1.5 per cent of the total. It is shared between small-scale commercial farmers, forestry and national parks.

"There has not been the political will to make it work," says one western diplomat in Harare. "The government has realised that without the white farmers the economy would be in a mess."

Agriculture, particularly commercial tobacco farming, is certainly the backbone of the economy, but a desire to protect exports is only one of the reasons for the sluggish pace of resettlement.

Although there has been drought in Zimbabwe for four of the seven years since independence in 1980, peasant farmers in the existing communal areas have been remarkably success-

ful in increasing their output and consequently their income. The quantities of maize and cotton from communal areas sold to the state marketing boards have risen as much as tenfold and fourfold respectively, and peasant farmers now produce half of both these crops.

The causes of this - a successful agricultural development policy since 1980 which has provided black farmers with good producer prices, extension services, marketing facilities and credit - are by now well known. One of the effects was temporarily to ease the demand for resettlement.

"We need the land but we are not fighting the Government to get it," says Mr Robson Gapare, who represents some 400,000 black farmers through the National Farmers Association of Zimbabwe. "Our policy is to say develop what you have first, and then if the Government comes up with something, take it."

Mr Gapare's members have several priorities other than resettlement, including the provision of education and health services in their home areas. For the Government, the costs of land acquisition - no white farms have hitherto been forcibly expropriated - and the indirect costs to the economy of the lower yields achieved by peasants farming small plots are an important concern. One study in 1983 suggested that proposed resettlement would absorb 57 per cent of commercial farmland and have significant direct and indirect costs.

Some of the resettlement schemes themselves have not been particularly successful. There were a range of models, but at first the Government clearly favoured cooperatives. "In pursuance of the chosen socialist course of development more and more education will be given and mobilisation undertaken to instil in the farmers the virtues of cooperative and collective production as opposed to the present individualistic tendencies," says one official document.

The unfamiliar cooperatives were perhaps inevitably plagued with problems, not the least of which was lack of profitability, and the overwhelming majority of settlers chose the schemes allowing them their own five-hectare plots. Even here the farmers faced difficulties.

Settlers were short of capital and many former guerrillas, now rewarded with a patch of land, were short of farming skills. Services such as water, schools and buses were slow to come to some of the resettlement sites and farmers were therefore reluctant to bring in members of their families who would normally work as labourers on the family plot. New arrivals are also worried about the tenure arrangements for resettled land, as they do not have absolute title to the plot allocated to them.

The Rustenburg Intensive Resettlement Project in eastern Zimbabwe, half funded by Britain, is a dairy scheme which is suffering from some characteristic

Zimbabwean resettlement problems. Most settlers do not have enough money to establish themselves as milk producers; bus services are irregular; water provided for the scheme at great expense has been wasted and used for non-dairy farming; and Zimbabwe has a surplus of dairy production.

In the early years after independence the Government may have been short of money but there was plenty of commercial farmland for sale. That is no longer the case. White farmers have regained some of their confidence and demand for farms - except in Matabeleland where more than 50 white farmers have been killed by guerrillas since 1980 - is firm.

The shortage of available land puts further constraints on the resettlement programme. A recent land acquisition law gave the state the right of first refusal on a sale and allows the seizure of land considered to be underused, but the final version dropped proposals which would have permitted the designation of large blocks for resettlement despite opposition from the white farmers concerned.

In the long term the pressure on land in Zimbabwe can only increase with the rising population. Land hunger is a problem which has yet to be resolved. "If anything the need for resettlement is more than at independence time," says one official at the Ministry of Agriculture.

Victor Mallet

## Tourism

## Target is the big spenders

TOURISM IN Zimbabwe is a growth industry in spite of the sector's lowly position on the list of priorities pursued by the Government since independence in 1980.

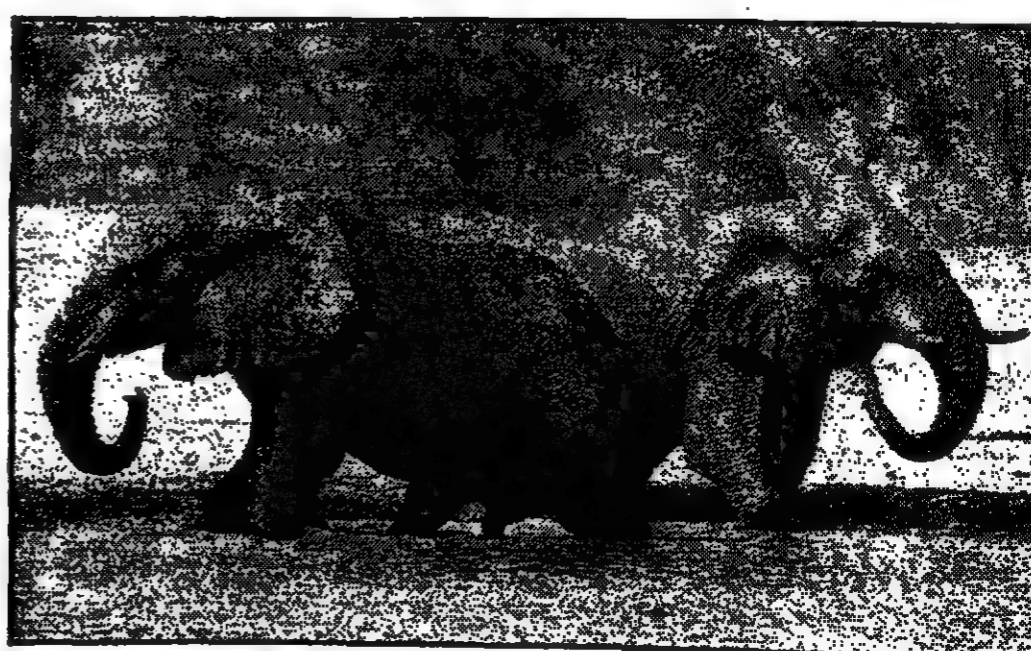
The number of visitors increased after the war from about 79,000 in 1979 to 305,000 last year, and the figure is still rising at 12 to 15 per cent a year. Hoteliers and others involved in tourism believe, however, that Zimbabwe needs to spend more money on publicity and that the Government has been slow to realise the potential of an industry which provides a rapid foreign exchange return on investment.

"We have grown," says Mr Wilbert Chihuri, Director General of the Zimbabwe Tourist Development Corporation, "but it is my contention that tourism can contribute much more to this country than it is doing at the moment." Officially, tourist receipts totalled about \$250m last year, less than two per cent of gross foreign income, but some analysts estimate tourism's real contribution to be more than three times as high.

Zimbabwe has no coastline, only the shore of Lake Kariba, but boasts a magnificent selection of game parks, the ruins of Great Zimbabwe, and the famous mile-wide Victoria Falls, known locally as Mosi o Tunya, the smoke that thunders. The infrastructure of roads and services is among the best in Africa.

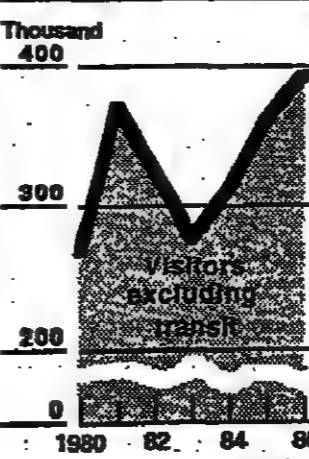
With average hotel occupancy rates remaining below 40 per cent since 1981, the availability of accommodation is not a constraint on the growth of tourism. In common with other businesses, hotels and tourist enterprises complain of a shortage of foreign exchange. But unlike some, they cannot claim export incentives in the form of preferential foreign currency for imports.

Tourism is granted a trickle of foreign exchange for seafood, wine and a few other items, but money for refurbishment of hotels or the purchase of luxury coaches is hard to come by. Critics are convinced that the policy is short-sighted, given the foreign earning power of tourism and Zimbabwe's attempts to concentrate on a small core of high-spending visitors. Such travellers are likely to be missed by a shortage of scotch



Family party: elephants at play

Tourism



Source: Central Statistical Office

whisky or bourbon in a luxury hotel.

"I cannot claim to have five-star hotels when I cannot have top-notch whisky," says Mr Chihuri. "I cannot expect to have five-star tourists with two-star service."

The Government, he says, is

aiming for quality tourism rather than the mass market because of Zimbabwe's limited carrying capacity. "We are not looking for millions. We would like to grow, but we must grow with caution, caution for our environment, caution for our people." He expects growth of the number of visitors to slow to between six and eight per cent a year after the annual influx reaches 500,000.

The raw figures can be misleading - most visitors are not overseas tourists but travellers from South Africa, Zambia and other African countries.

Tourism from overseas is nevertheless increasing after a dip which followed the abduction and murder of six tourists by rebels in Matabeleland in 1982. Two West Germans were shot dead in the same region this year and the industry remains vulnerable to bad publicity, although Zimbabwe's competitors, Kenya and South Africa, also have image problems. At present the visitor is probably more likely to be attacked by the Homphrey - an aggressive hippopotamus who dislikes canoeists disturbing him on the Zambezi - than by guerrillas.

Zimbabwe's tourist authorities are trying to attract Europeans and Americans and have been particularly encouraged by a growth in the number of travellers from Australia, which with New Zealand provided nearly 8,500 visitors in 1986. That compares with about 140,000 visitors from South Africa (where Zimbabwean tourist promotion is, for political reasons, somewhat low key), more than 54,000 from Europe and nearly 15,000 from the United States and Canada.

Promotion in the years ahead will probably also focus on Scandinavia and Japan. "We found that the Norwegians were the highest spenders," says Mr Chihuri, "but there are only a handful of them."

Zimbabweans in the tourist industry, while accepting the Government's desire to spend on social services, want more capable of generating employment and foreign exchange. The state's growing share of the struggling hotel business, they hope, might persuade the Government to take action.

Victor Mallet

# IF YOU CUT OUT ZIMBABWE YOU'RE CUTTING OUT AFRICA

Africa has to be the continent with more to offer in the way of business opportunity, than any other. And, Zimbabwe is right at the centre of the action. And, speaking of action, business action that is, the T.A. Group of Companies can give you plenty of it.

Both in Zimbabwe and further afield, in the SADCC and PTA regions. The T.A. Group is a highly diversified group of operating companies, wholly-Zimbabwean owned, quoted on the Zimbabwe Stock Exchange, with a solid record of success in many different spheres. Our vast range of products and services includes many

branded consumer items, household appliances, electrical components, car and truck sales and repair, farm equipment, hotels, insurance, road transport, supplies and services to agriculture and computer services. The T.A. Group has the resources and expertise, including an international division, to make commodity imports and exports as well as investments work.

We want to do business with you. Let's talk about how you can cut yourself in for a slice of our action.

Contact: T.A. Holdings Limited Head Office: Cooksley House, Beaufort Road, P.O. Box 3540, HARARE, Zimbabwe. Tel: 709065/705704, Telex 4130 ZIM.

Better Products, Better Life.

## INTERNATIONAL APPOINTMENTS

## Mortgage head steps to Goldman from Salomon

BY OUR FINANCIAL STAFF

MR MICHAEL MORTARA, former head of mortgage securities trading at Salomon Brothers, the Wall Street investment house, has joined Goldman Sachs, one of its rivals in the investment banking field, as head of mortgage trading.

At Salomon, Mr Mortara was a key deputy of Mr Lewis Ranieri, the former head of the firm's mortgage business. In a shake-up in July, Mr Ranieri was dismissed and Mr Mortara was ousted as the company tightened its management controls.

Goldman, meanwhile, has been without a head of all mortgage trading for some time. Mr Mortara will become a general partner in the house at the beginning of the 1988 fiscal year.

Mr Mortara is to have responsibility for all Goldman's mortgage trading operations, including pass-throughs, whole loans, receivables and commercial mortgages.

He will report to Mr John S. Corvino on capital commitment matters and will co-ordinate

with Mr Eugene Merz Jr. and Mr Joel Kirschbaum on issues relating to the development of Goldman's mortgage business. All three of the latter are Goldman partners.

Until Mr Mortara's arrival, different mortgage trading areas were run by a number of traders. Mortgage securities trading was headed by three men: Mr John Thain, Mr Mustafa Chite-Obi and Mr Todd Hamilton, who will now report to Mr Mortara.

## Luz makes solar energy switch

By Judith Maltz in Tel Aviv

MR ISRAEL KROISER has been appointed president of Luz Industries Israel Ltd, the solar technology concern.

He joined Luz in 1980 as a senior engineer and was the main designer of the first solar power system built in California. Mr Kroiser was then appointed vice-president of engineering, and in 1986 became executive vice-president of the company.

He is readily identifiable by his sandals and kippa, the skullcap traditionally worn by religious Jews, the 35-year-old newly appointed president holds a master's degree in mechanical engineering from the Hebrew University.

Mr Kroiser says in a statement of corporate objectives, made on his assuming his new post: "We will be putting special emphasis on the development of future solar technology to help the company retain its competitive edge in energy fields."

He also announces that the company is to continue to support existing projects in the US, while emphasising the local development of solar technology.

## Corporate finance move at Chemical

CHEMICAL BANK, the New York money centre banking house, has appointed Mr Roger M. Widmann head of US corporate finance. Mr Widmann, who joined Chemical in May last year, was previously managing director in charge of Chemical's special industries division.

Replacing Mr Widmann as managing director and head of the special industries division is Mr Alan R. Buckwalter III, managing director. Both are to report to Mr William B. Harrison, group executive for the banking and corporate finance group.

Mr Widmann remains a managing director in Chemical's banking and corporate finance group. Mr Robert J. Harrity, Jr. and Mr Richard Y. Smith, both managing directors, are to report to Mr Widmann. Mr Harrity will have senior marketing and deal responsibilities for Chemical's US corporate clients, and Mr Smith operating responsibility for the various corporate finance units.

Mr Widmann joined Chemical with responsibility for corporate finance services to natural resources firms, utilities and other clients served by Chemical's special industries division, becoming head of special industries this February.

He had previously been founder and managing director of First Reserve Corporation. He was before that senior vice president, corporate finance, at Donaldson Lufkin & Jenrette.

MERRILL LYNCH, the Wall

Street investment house, has appointed Mr Joachim Romero-Maura an executive director of Merrill Lynch Europe. He has taken on the post of heading the investment banking activity of Merrill Lynch Europe in France.

Mr Romero-Maura was assistant general manager and treasurer of Williams & Glyn's, the UK clearing bank, until 1984, and then became head of business development for Citicorp Investment Bank of the US in France.

BANK OF AMERICA, the California-based bank with interests around the world, has appointed Mr Jacques de La Chauviniere as senior vice president and a director of its multinational corporate finance group, which is to co-ordinate the setting-up of a new debt/equity swap business.

Mr de La Chauviniere, who is French, joined Bank of America after 16 years with Wells Fargo Bank, which is also based in California, and president and head of sovereign risk worldwide and international investment banking. He was earlier Wells Fargo's London branch manager, having previously been with Samuel Montagu, the London merchant bank.

He will be based in San Francisco, and report to Mr Jamie B. Stewart, Jr. who was appointed senior vice president in charge of the bank's investment banking group in June last year.

**SENIOR CONSULTANT**  
to £40,000 + benefits  
London

The consultancy arm of a major professional practice seeks an experienced management consultant aged 30-40 to manage a variety of projects. Sharp end experience within marketing, production, engineering, planning or finance would be advantageous. Partnership prospects are excellent within the medium term. Ref: DES 450

**FINANCIAL CONTROLLER**  
£30,000 + car + benefits  
Sweden/Denmark

Autonomous subsidiary of advanced technology plc seeks to strengthen its general management team by the appointment of a qualified accountant aged 26-35. A facility in either Swedish or Danish is imperative together with proven staff management and systems skills. The vacancy carries a very generous benefits package. Ref: MJH 307

**TREASURY MANAGEMENT**  
£27,000 + car  
Herts

A qualified accountant aged 30-40 who can demonstrate experience in treasury/cash flow management and control is urgently sought for this newly created role with a very profitable high technology manufacturer. An appreciation of commodities, foreign exchange and the workings of an industrial group would be advantageous. Ref: MJH 282

**CORPORATE FINANCE**  
£27,000 + car  
London

Blue-chip financial services group seeks a qualified graduate accountant for their international finance and planning division. As manager you will supervise the development of information systems for the overseas operations and head special projects involving acquisitions and capital appraisals. Career opportunities for ambitious candidates are excellent. Ref: AN 433

**RECENTLY QUALIFIED**  
to £25,000 + car  
Berks

Dramatic growth by this international manufacturing and marketing organisation has created the need for a high-calibre Chartered or Certified Accountant. The position covers a broad spectrum of accounting activities including systems development, consolidations and analysis. Outstanding prospects and benefits including relocation assistance where appropriate. Ref: AC 258

**OPERATIONAL REVIEW**  
£24,000  
London based

Several of our most influential clients currently require accountants with industrial or commercial backgrounds for high-profile project/audit roles. Exceptional communication skills plus a willingness to travel extensively are of prime importance. All roles offer exceptional career possibilities to ambitious accountants. Ref: RK 280

**HUDSON SHRIBMAN**  
THE COMPLETE FINANCIAL SELECTION SERVICE  
Vernon House, Sicilian Avenue, London WC1A 2QH Tel: 01-831 2323

## New chief executive at Gerber

GERBER PRODUCTS Company, the diversified Michigan, baby products concern, with interests ranging to clothing, transport, life insurance and printing has announced that Mr David Johnson will join the company by October 19 as chairman, president and chief executive.

Mr Johnson, 55, was lately president and chief executive of Entenmann's, a subsidiary of Philip Morris Company, the diversified US tobacco group, by way of its MO General Foods Corporation subsidiary.

Mr Johnson succeeds Mr Leo Goulet, who died on July 8, in the role of chief executive, and Mr William McKinley, who stepped down in May as chairman.

LORAL CORPORATION, the

New York electronics-based, defence concern, has appointed Gen Lawrence A. Skantza, 59, who has retired from the US Air Force, to the board of Loral International, a subsidiary.

Gen Skantza served most recently as commander, Air Force Systems Command at Andrews Air Force base in Maryland, where he directed the research, development, test and acquisition of defence electronics and aerospace systems.

Loral International and its subsidiaries manage the marketing, contract administration and financial functions for Loral Corporation's defence electronics programmes overseas.

MR TERUJISA SHIMIZU has been appointed chairman of Sumitomo Bank of America, Inc. He moves from Sumitomo Bank of California, where he was president. Mr Shimizu was the first president of Sumitomo White Weld, the founder company of Sumitomo Finance International.

Mr Iwao Hirano, president and managing director since 1984, is taking up a post in the head office in Tokyo. His successor is Mr T. Nakamura, who joins Sumitomo Finance International from Sumitomo Bankers Trust, a joint venture between Sumitomo Bank and Bankers Trust in Tokyo, where he was president.

## Accountancy Appointments

Colefax and Fowler is a progressive group of companies with a leading reputation in the field of interior design. The Company designs and markets worldwide an exclusive range of fabrics, wallpapers and related products. It also supplies interior design and decorating services to private and commercial clients. There are plans for substantial growth and in order to support both group and divisional development the company has defined two new positions.

## Financial Controller

West End

c. £25,000  
+ Car

Based at Head Office, the Financial Controller will have responsibility for group reporting and the financial management of the decorating division. Key aspects of the role will include the compilation and reporting of group, statutory and management information, and at divisional level, controlling the preparation and analysis of accounts and cost information, planning, budgeting, tax and systems development.

Candidates should be chartered accountants in their late 20s/early 30s with at least two years commercial experience preferably gained in a service organisation using computerised time recording systems. Presentation must be excellent and candidates should be articulate, practical and suited to working as part of a close knit team in a high profile business where service is all important. (Ref EPR 948)

## Company Accountant

Wimbledon

c. £20,000  
+ Car

This position is based with the wholesale and retail division and has responsibility for day to day financial management, including managing staff in the preparation of accounts, planning and budgeting, cash flow forecasts, taxation and ensuring the implementation of proper controls. Candidates should be qualified

accountants with practical accounting experience gained in the computerised accounting function of a retail/wholesale company. You must be well organised, have good communication skills and be able to work in a close knit team where personalised service is important. (Ref EPR 949)

If these outstanding opportunities appeal to you please write, quoting the appropriate reference number and giving concise career, personal and salary details to:

Michael Fahey, Arthur Young Corporate Resourcing, Citadel House, 5-11 Fetter Lane, London EC4A 1DH.

Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

## Chief Accountant (Hi-Tech)

Northern Home Counties

to £25,000 + car + relocation

Our client is a division of a highly profitable eight billion dollar US multinational specialising in the manufacture and marketing of hi-tech business products.

Following a recent internal promotion a rare opportunity has arisen for a bright, ambitious, qualified accountant to join the Senior Management team of this well respected manufacturing operation. This unit has a sound reputation for quality and cost effectiveness and is one of the world's most advanced manufacturing facilities of its kind.

As Chief Accountant, providing a complete management and statutory reporting service, you will be responsible for supervision of a large team of professional and general accounting staff.

A graduate, aged 27-35, you should be able to demonstrate a successful track record to date, preferably gained within a manufacturing environment. A positive, intelligent and practical approach and good communicative skills are the key personal qualities required for this demanding role.

The successful candidate will be expected to make a sound contribution to the business and should be capable of rapid promotion to UK or overseas management positions within this large group.

Interested applicants should write to Peter Ward ACMA enclosing a CV, quoting reference HCN 2220, at Michael Page Partnership, Century House, 136-142 London Road, St Albans, Herts AL1 1SA.

Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide  
A member of Addison Consultancy Group PLC

## ACCOUNTANTS - BANKING

City c.£22,000+ full bank benefits

This appointment for a young ACA offers more operational involvement, both in daily business and management strategy than many accountants get in a lifetime.

We are recruiting for the Corporate Banking Division of one of the world's major banks. This relatively small but prestigious unit controls the bank's relationships with its largest corporate clients ensuring that its products and services meet their complex and ever changing requirements.

Working with another graduate ACA you will aim to facilitate commercial success.

In addition to monthly performance evaluations and financial plans (presented at Board Level) your analysis and interpretation of management information (e.g. reports on customer profitability and on product costs) for the bankers will directly influence marketing policy and product pricing strategy. You will also advise on tax, transfer pricing, complex lending transactions, computer-based packages etc. as required.

This is a fast track appointment. On post evidence, the development of your financial intelligence, your familiarity with banking products and your contact with senior personnel will provide career opportunities both in banking and in Financial Control.

Applicants should be ACAs in their mid twenties of sound academic background and above average personality.

For more information please contact Valdek Ceglowski

Tel: 01-726 4801 (evenings and weekends 01-274 6166)  
6 Foster Lane, London EC2V 6HH.

FINANCIAL RECRUITMENT  
PARTNERSHIP

## Development Finance Manager

A major international group with offices in London requires an experienced Development Finance Manager for its UK-based property company. Reporting directly to the Managing Director, applicants for this interesting and rewarding position should be suitably qualified, aged between 30 and 40 and have a sound working knowledge of the property business. They will possess experience in the development and negotiation of financial packages for projects and corporate purposes as well as an extensive and detailed understanding of

relevant UK taxation and taxation planning. In return, we offer an attractive remuneration package commensurate with experience and qualifications, including an excellent salary and many additional benefits. It is envisaged that this position will lead to a full Board appointment. Interested applicants should reply with full CV and supporting details to: Jeremy Sharp, ABGH Advertising & Recruitment Services Limited, 87 Jermyn Street, London SW1Y 6JD, quoting Ref: FT 787.

ABGH Executive Recruitment

## US INVESTMENT BANK SECURITIES

ACA

29-35

c£60,000 pkg.

This dynamic and aggressive competitor in the International Capital Markets commands a reputation for innovation and response to change. The firm is undergoing rapid expansion in its London-based trading activities. An opportunity for a key individual has been identified within the Fixed Income-Trade Control area to complement and develop the existing management team.

Primary responsibilities will involve analysing and developing management information systems and financial controls within a volatile operations environment. Close liaison with the trading floor and other functional areas will be required in order to identify effective business solutions.

The skills required for this position are likely to have been

gained within an international securities house, investment bank or broking/fund management group. In addition to a strong academic background, the individual will be both proactive and enterprising, possess excellent management skills, and have the ability to succeed within a challenging and demanding environment.

The salary package will consist of a high base salary, substantial bonus and company car. The prospects for short term career progression are excellent.

Please contact Anna Marshi or James Hyde, on 01-930 7850 or in the evenings on 01-486 0940. Alternatively, write enclosing full details to the address below. All contact will be treated in the strictest confidence.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

Expanding and friendly company in the travel industry seek a qualified accountant to control all accounting and financial functions within the company.

Experience in the travel industry and with computerised systems is preferred.

A competitive salary will be offered commensurate with experience and ability.

Please forward cv to:  
Mrs E. J. Preece ACA  
Chartered  
Accountants  
PO Box 150,  
Sittingbourne  
Kent  
ME11 6AT

## Financial Planning Manager

### N W Midlands

#### Career Prospects + Attractive Package

This newly created position within a major multi-site manufacturing division (t/o c£50m), which is marketing led, reports to the Financial Director.

The role will have responsibility for a small team to develop the management reporting systems in addition to financial planning, evaluate new product developments and consider expansion plans through both organic growth and possible acquisitions.

Candidates, age indicator early 30's, should be qualified graduate calibre accountants possessing good inter-personal skills, having worked with sophisticated systems and senior executives.

An attractive remuneration package includes a bonus scheme, fully expensed car and if relevant relocation expenses. Proven success should lead to promotion within this UK group plc.

Please write enclosing full resume quoting ref. 141 to:  
Nigel Hopkins FCA,  
97 Jermyn Street,  
London SW1Y 6JE.  
Tel: 01-839 4572

**Cartwright  
Hopkins**

FINANCIAL SELECTION AND SEARCH

## MANAGER, OPERATIONS AND ACCOUNTING

City c. £35,000 + benefits

An international, Swiss-based bank is soon to expand its activities with the establishment of a London operation.

The Manager, Operations and Accounting, will be a key member of the new management team. In addition to having day-to-day responsibility for operations, accounting and administration, the person appointed will be involved in the implementation of sophisticated computer-based accounting and management information systems as well as the

establishment of efficient and effective systems and procedures and the recruitment of staff.

Candidates should be chartered accountants with previous experience of international banking operations, and fully conversant with computer-based accounting and management information systems. Involvement in a "start-up" operation would be a particular advantage. Please reply, in confidence, enclosing full career details and quoting reference 13581, to Valerie Fairbank.

## KPMG Peat Marwick McLintock

Executive Selection and Search  
9 Creed Lane, London EC4V 5BR

ACMA ACA ACCA ACT MBA

# When did you last voice an opinion which could change a company's future?

# And when was it last followed up?

You have outstanding business and personal skills and want them more fully recognised and rewarded. Deloitte Haskins & Sells, one of the country's foremost management consultancies, can add that new and exciting dimension to your already successful career.

We're looking for graduates, aged between 25 and 38, who have risen through industry, financial services or the profession and have a background in financial/management accounting, internal audit or treasury. Joining our Financial Services Group offers you the opportunity to establish a role of considerable influence, providing financial and treasury advice to many of the major players in the most buoyant sector of the UK economy. Consider the facts and you'll soon discover why this is such an attractive career option for those with the talent to succeed.

You'll not only develop your existing skills but rapidly add new ones, gaining recognition for your innovative approach to complex problem-solving; thriving in a

dynamic atmosphere of constant change and giving advice that counts to the people who matter. You'll be joining a dedicated, multi-disciplined team, leading the way in strategic business development, performance monitoring, risk management and information technology.

And all the time you'll be broadening your perspective and widening your career options. Consider a starting salary in the range £22,000 - £40,000 (plus car), and the fact that early promotion is a distinct possibility. What's more, you could return to industry with a greatly enhanced value if that's your plan.

Find out more about increasing your influence, and adding value to your opinions. Telephone Paul Frampton on (01) 248 3913 anytime during normal office hours. Or write to Alison Hawley with full personal and career details (including daytime telephone number), quoting reference 3076/FT on both envelope and letter.

**Deloitte  
Haskins + Sells**

Management Consultancy with **Haskins + Sells**

P.O. Box 198, Hillgate House, 28 Old Bailey, London EC4M 7PL

LONDON METAL EXCHANGE

ROYAL EXCHANGE

STOCK EXCHANGE

BALTIC EXCHANGE

NATIONAL WESTMINSTER TOWER

BANK OF ENGLAND

ST. PAUL'S CATHEDRAL

GUILDHALL

FINSBURY CIRCUS

BARRICKAN

# Could you manage in the square mile?

Managers for audit and financial services work in the City. A.C.A.'s Aged 26-33

- ◆ Package to £30,000 + car
- ◆ High content of special assignments
- ◆ Equity partnership prospects
- ◆ Pension and health scheme

Accelerated growth as a result of "Big Bang" has created a need for talented managers to join the Financial Services Group of an international accountancy practice known for the strong emphasis it places on quality in every aspect of its business.

They are the market leader in providing a wide range of accounting services to the City of London. They have as clients blue chip financial institutions and dominate a number of City sectors. Nowhere can you achieve better overall experience of financial services work.

You are probably in Public Practice - or you may have spent the last couple of years within a financial institution or in industry or commerce. You should be ambitious and self-motivated, with an analytical approach to problem solving and a proven ability to manage a team.

The City "square mile" remains the most exciting and concentrated centre of financial activity in the world. To find out more about the exceptional opportunities with this prestigious accountancy practice, telephone Gary Johnson or Geraint Evans on FREEPHONE 0800-28-9501 (24-hour service) or write, enclosing your C.V. to Douglas Llambias Associates, FREEPOST, 410 Strand, London WC2R 0NR quoting reference number 7830 (no stamp needed).

FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS

**DOUGLAS & LLAMBIAS**

LONDON • LIVERPOOL • MANCHESTER • ABERDEEN • EDINBURGH • GLASGOW  
DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS  
TELEPHONE: 01-836 9501

**NORTH OF ENGLAND BUILDING SOCIETY**

## ASSISTANT GENERAL MANAGER (FINANCE)

Sunderland Attractive salary + car and benefits

Our client, North of England Building Society, is a progressive and expanding regional society with assets exceeding £500 million. Arising from an impending retirement, the Society wishes to appoint an Assistant General Manager (Finance) to its senior management team.

The successful applicant will head the Society's accounting function and will have overall responsibility for treasury, financial procedures and control. The broadening range of services provided by building societies demands an innovative attitude to the role in addition to the vigorous professional approach essential for success in a financial institution.

This opportunity will be of particular interest to candidates who see their longer term future in general management. Success in the role could provide access to more senior posts where the candidate would play an important part in developing the Society's future strategy.

Applicants should be qualified, preferably chartered, accountants, probably in their thirties, who have had relevant experience in the financial sector. Emphasis will be placed on candidates' readiness to meet the challenge presented by the newly enlarged powers of building societies. Personal qualities will, therefore, be important in making the final selection decision.

The attractive remuneration package will include the provision of a motor car, concessionary mortgage facilities, contributory pension and life assurance scheme and BUPA membership. Assistance will be given with re-location expenses where appropriate.

Please apply, in confidence, enclosing a full curriculum vitae to David Bannister, Executive Selection Division, quoting reference number L/747.

## Systems Evaluation & Control

three key roles for young accountants

Berkshire to £25,000 + mortgage etc

Our client is a substantial division of one of the largest and most influential financial groups. It is currently developing an overall information technology and systems strategy which will enable it to capitalise on its dominant position and provide further flexibility in a changing market.

In conjunction with this, the company is seeking to recruit three accountants who will form a new team to produce a series of essential reports on the numerous systems currently in operation - to review, evaluate and make cost effective recommendations on improvements. On completion of this project there will be extensive systems development and accounting opportunities both within this division and the group.

Applicants should be qualified

accountants with audit or systems development experience.

- Two will have at least two years' post qualification experience and one of these must have specialised in computer audit.
- The third is likely to be recently qualified.

Age range is mid/late 20s and, as there will be extensive liaison with management and staff of all disciplines, strong communication and reporting skills are essential. Salaries are negotiable according to age and experience and the extensive benefits package includes relocation assistance where appropriate.

Please write with full career details or telephone David Tod BSc FCA quoting reference D/641/CF.

**Lloyd Management**

125 High Holborn London WC1V 6QA Selection Consultants: 01-405 3499

**KPMG** Peat Marwick McLintock

Executive Selection and Search

City Square House, 7 Wellington Street, Leeds. LS1 4DW.

## Investigative Accountants

### International Group

#### To £30,000 + Car

These are highly stimulating and demanding positions which will make full use of your accounting knowledge, investigative skills, reporting abilities and the time and resources spent on your education and personal development.

Our client is seeking a number of ambitious and well motivated accountants who can work with equal facility on short term assignments in the USA, Australasia, Far East or the UK. The tasks will all be of real significance to the Group as a whole and will involve frequent work at high level in varying parts of the organisation. The history of previous teams is replete with major promotions and this one will be no exception.

The requirement is for high calibre graduate accountants aged around 30 who can handle a flexible work portfolio without trauma. The foreign travel is unlikely to dominate.

Base location London. Relocation assistance available if necessary. Please reply in confidence quoting ref. L323 to:

Brian H Mason  
Mason & Nurse Associates  
1 Lancaster Place, Strand  
London WC2E 7EB  
Tel: 01-240 7803

**Mason & Nurse**  
Selection & Search

## Partnership Accountant/Secretary

### South London £23,000 to £24,000 plus car

Our Client is one of the largest firms of Chartered Building Surveyors with headquarters in South London and offices in the City and main provincial centres. The Firm wishes to upgrade the financial and administrative functions to manage a steadily growing income by recruiting a qualified accountant who will take full responsibility for these duties, reporting directly to the Senior Partner.

Candidates must be ACA or ACCA aged between 26 and 32 and have experience of small computerised accounting systems. Professional practice accounting or audit background would be a distinct advantage.

Please forward a full CV with salary details, quoting reference LM612, to Terry Fuller, Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.



**Spicer and Pegler Associates**

Executive Selection

## OPPORTUNITIES IN FINANCIAL SERVICES

Our client is a financial services division of a large International Group. It has recently expanded its operations both through organic and acquisitive growth and is further increasing its overall market share throughout the world. As a direct consequence of this a further emphasis has been placed on the role and importance of the finance function and the creation of two positions both of which will be based in London.

### Management Accountant To £20K

Reporting to the Divisional Management Accountant this individual will assume overall responsibility for the production and analysis of monthly and quarterly management accounts, preparation of periodical budgets and forecasts as well as being involved in the compilation of the Annual Plan.

A significant proportion of ad-hoc assignments are anticipated as well as the ongoing development of accounting based systems. Candidates should be aged in the mid to late 20s and have already demonstrated their ability to work within a pressurised and demanding environment yet are still keen to extend their careers within this challenging role.



Interested applicants should contact Charles Austin, Consultant to the Company on 01-488 4114 or write to him enclosing a full CV, quoting reference A063 at Mervyn Hughes International, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN.

### Corporate Accountant c.£23K + Car

Reporting to the Financial Controller, this role will give the candidate overall operational responsibility for the financial accounting functions within the Division. As well as being involved in periodical financial reporting the candidate will also be responsible for statutory requirements for both the UK and overseas operations and liaising with various other group financial functions.

Candidates should be qualified accountants in their late 20s possessing strong interpersonal skills coupled with the ability to manage a large functional area. A willingness to assume early responsibility is essential.

## Accountants for Consultancy

Extending your horizons

to £30,000 + Car

Binder Hamlyn is one of the fastest growing consultancy practices in the UK. We have a reputation for providing a highly professional service to a wide range of clients and are now seeking to strengthen our team.

In particular, we are currently interested in hearing from very bright, graduate qualified accountants (ACMA, ACA or CA) with excellent industrial, commercial or financial services experience.

Probably in your late 20s or early 30s you can demonstrate a first class track record, including time spent in a senior financial or general management role within an autonomous business unit or at group headquarters. You will be familiar with computer-based accounting and information systems and sufficiently flexible and analytical to feel confident to solve virtually any business problem. Your achievements might include cost reduction, systems implementation, and improving the management of cash and working capital.

Consultancy work is demanding but intensely satisfying. You can expect variety—from strategic planning, profit improvement programmes, corporate turnarounds, through treasury, accounting and MIS systems to introducing new commercial systems such as order processing and inventory management.

To discuss the advantages of a career with us please write, enclosing a current CV, to Paul James, Manager of our Financial Management Division, at Binder Hamlyn Management Consultants, 8 St Bride Street, London EC4A 4DA.

**BinderHamlyn**  
MANAGEMENT CONSULTANTS

## INTERNATIONAL AUDIT

Our client is a prestigious, dynamic financial services group based in the United Kingdom, France, the United States, Far East and the Middle East. In line with a firm commitment to its growth and development it wishes to complement its existing Audit team with additional talented professionals.

### Deputy Audit Manager - International Banking (net 6)

We require an ambitious Accountant to supervise those reviews performed by the Audit department of the diversified activities of the Group in its international locations. Based in London and reporting to the Vice President of the International Audit region, your responsibilities will include all activities pertaining to the performance of audit assignments, including planning, supervision and report production, and ensuring that standards, quality and deadlines are adhered to. An understanding of systems-based auditing techniques and the ability to communicate at all levels are essential.

These positions offer a challenging and exciting opportunity to make a significant contribution to a rapidly expanding financial group. They are key positions and therefore we expect candidates to demonstrate all the qualities necessary to fulfil them within an international organisation. The salary packages will reflect the levels of responsibility.

Please call Cathy Walsh and her team at Resources International, quoting the advert ID and job reference number, on 01-388 8288 until 2.00 p.m. each evening, or on 01-388 8388 late evenings and weekends.

### DP Auditor - Paris (net 6)

You will be an innovative and energetic individual reporting directly to the Vice President—Group DP Auditor. Based in the Group's Paris office you will be required to assist in reviewing the controls and security aspects of live production systems and those in the course of development.

Your experience will have included all areas of DP audit and systems assurance preferably with an understanding of IBM systems. You must be fluent in French and be a self motivated person who enjoys a high profile position but maintains a pragmatic approach. The Group has a high commitment to new technology including data processing and communication systems, therefore you must demonstrate an interest in and awareness of technology and its position within the financial services industry.

**RESOURCES**  
RESOURCES INTERNATIONAL PLC  
10 Fitzroy Square, London W1P 5HA

## Financial Controller

West London Neg £30,000 + car

Our client, is one of the largest independent hospitals in the United Kingdom caring for some 15,000 patients a year. The hospital offers a broad range of patient care facilities.

The Chief Executive Officer is planning to introduce modern cost effective systems and identifies this senior appointment as a critical step in a period of change. This role forms part of the senior management team and encompasses financial, computing, investment, commercial and secretarial responsibilities.

The successful applicant will be a qualified accountant with appropriate management experience. Practical experience of introducing computer systems and a hospital, hotel or service industry background is essential. Short term accommodation can be arranged for out of London applicants.

Please write in confidence quoting reference 7295 and submitting a curriculum vitae and salary details to:

Peter Childs Esq  
Director  
Pannell Kerr Forster Associates  
New Garden House  
78 Hutton Garden  
London EC1N 8JA

**Pannell Kerr Forster Associates**  
MANAGEMENT CONSULTANTS

ACCOUNTANCY  
APPOINTMENTS

APPEAR  
EVERY  
THURSDAY

## FINANCE DIRECTOR

### Cardiff above £30,000 + Car

Christie-Tyler PLC, the leading furniture manufacturer in the UK and a member of the Hiltedown Holdings Group, has a vacancy for a Finance Director at one of its subsidiary companies. The company, which is based near Cardiff, is fully autonomous with a turnover of £15 million and is a major company within the upholstery industry.

Candidates, preferably between 28 and 45 years, must be qualified Accountants with previous experience at a senior level in a consumer goods or light industry. The person must have sound commercial awareness and will be expected to take an active role in the general management and development of the Company in a fast moving environment in addition to controlling all financial and administrative aspects.

This is an excellent opportunity in a challenging business and offers good prospects for further career development within the group. The package includes a basic salary plus a bonus based on results together with benefits which include a car, pension, free life assurance, BUPA and relocation assistance.

Please apply with full career and personal details to:  
P.N.T. Whiting, FCA, Finance Director,  
Christie-Tyler PLC, Brynmawr, Bridgend,  
Mid Glamorgan CF32 9LN.



## SHORT CUT TO SHORT LIST

FOR GO-AHEAD YOUNG ACCOUNTANTS THROUGHOUT THE UK - AT SALARIES UP TO £40,000 P.A.

**HALL-MARK**  
The Appointments Register

London House, 271-273 King St, London W6 9LZ

Applicants: To take advantage of our fast, free and fully confidential service, print off the coupon to: Michael Polley, FCA, MBA, Hall-Mark Appointments Register, FREEPOST, London W6 9ER (no stamp required). Telephone: 01-741 8011/01-748 3444 (24 hrs). Pressed 01-3903873.

Employers: Our consultant, J. Bennett will be happy to discuss our services. Telephone him on 01-741 8011.

SURNAME (ALPHABETICALLY)	
FORNAMES	
ADDRESS	
POSTCODE	CITY

## F. H. Tomkins plc

TOMKINS wishes to appoint two ambitious executives to its small head office team.

Applicants, ideally qualified accountants between 28 and 42, should have an analytical mind and have already gained appropriate experience in the City or with an acquisitive industrial group. Self-motivation, drive, commitment and a commercial outlook are essential. Excellent scope for career advancement.

**Business Development Manager:** will be responsible for seeking out and assessing acquisition and organic growth opportunities as well as carrying out investment research. He/she will also assist in post-acquisition integration.

**Corporate Finance Executive:** preferably with legal experience, will be responsible for a wide variety of corporate finance activities in addition to working with the Business Development Manager and divisional directors in completing add-on and infill acquisitions.

Attractive salary packages, commensurate with experience, will include share options and usual executive benefits. Please send personal and career details, highlighting particular talents and experience considered relevant, together with photograph to:

I. A. Duncan, F. H. Tomkins plc,  
East Putney House,  
84 Upper Richmond Road,  
London SW15 2ST.

## GROUP FINANCIAL EXECUTIVES

The Barker & Dobson Group, with an expected turnover of £280m in 1987, have a wide variety of interests from confectionery manufacturing and trading to food retailing.

Recently announced interim results reflect the transformation and successful growth of the Group over the past 2 years, in which it has grown organically and by acquisition and is now producing record profits.

Further substantial growth is planned and we require two well qualified, self motivated accountants, who will not only initiate acquisition opportunities but manage their integration into the expanding group. Exceptional experience will therefore be gained leading to further career opportunities. Whilst divisional financial management or group financial control are possible career paths, we would expect the successful candidates to also consider general management roles with full profit responsibility.

Both positions will be based at the Group's office in Ruislip and will report direct to the Main Board. Some UK travel will be necessary.

Applicants should be qualified accountants under 30 with outstanding relevant experience. An attractive salary and benefit package will include company car, private health insurance, eligibility for share options and contributory pension scheme.

If you have skills, experience and drive, please write giving full career details to Mr K. McCartney, Group Personnel Director, Barker & Dobson Group plc, P.O. Box 9, Stonefield Way, Ruislip, Middlesex HA4 0JR. Telephone: 01-422 9511.



**Barker & Dobson Group p.l.c.**

## SENIOR FINANCIAL ANALYST

City of London c.£30,000 + Car + Banking Benefits

A challenging opportunity has arisen for a Senior Financial Analyst to join a small professional team in a leading banking and financial services group. The Group is expanding its range of UK services and has embarked upon an important acquisition programme to further develop its business and client base.

The role will include interest rate and balance sheet risk management, the evaluation of new products and financial instruments and the analysis of investment and fund proposals. Candidates should be graduates, preferably with a business or economics degree and a relevant professional qualification or

MBA. They will already have some experience of financial analysis gained either within the financial services sector, a major consultancy or the treasury function of a large corporation. This is a high profile role which will afford considerable exposure to senior management at both group and subsidiary level and which will require excellent communication and presentation skills.

For the right candidate career progression within a changing and demanding environment is assured.

Please write in confidence, quoting reference T3972/L to Joanna Curt.

**KPMG** Peat Marwick McLintock

Executive Selection and Search  
9 Creed Lane, London EC4V 5BR

## Outstanding Opportunity in a Top UK Retailer Corporate Finance

To £25,000 + CAR + RELOCATION

CENTRAL LONDON

Our client is one of the most outstanding retailers in the UK. There is no question you will know their name. A spectacular success story of the 1980s, within the last 5 years profitability has soared twenty fold while earnings per share and market value have increased more than ten times! Growing rapidly and with further aggressive plans for expansion, group turnover easily exceeds £2,000 million pa.

Within the group, outstanding young accountants and MBAs are highly valued and groomed for accelerated career and salary progression. In a small, informal top management team merit rather than status is what counts - as a high calibre individual you will be fully involved in the financial and strategic management of this leading retail business. Career prospects are, of course, virtually unlimited.

At group headquarters is a young and energetic management team, with one of the most successful track records in British retailing.

We seek a young graduate accountant or MBA (or equivalent) to become a vital member of the Corporate Finance team. You will be involved in all aspects of dealing with the City, financial markets and the investment community. Major areas of activity will include acquisitions, securities issues, specialised financings and investor relations.

Candidates for the position are likely to be newly qualified graduate accountants, or with up to 3 years further experience in the profession, industry or management consultancy, and probably aged 24-28. Applications are also welcome from confident finalists awaiting results, MBAs (or equivalent), or individuals with relevant experience.

Please send your career and current salary details, together with a daytime telephone number, to Barry C. Skates at our Maidenhead office, or telephone him on 0628 75956 for an informal discussion.

M&A SEARCH INTERNATIONAL LIMITED  
M&A House, King Street  
Maidenhead, Berks SL6 1EF  
Telephone: 0628 75956

**M&A**  
Search, Selection & Training

## Company secretary

NW London, c.£35,000+



Our client is a rapidly expanding and highly profitable international group with a succession of record results.

Their highly specialised trading sector and comprehensive leading edge technology base have produced new record levels of turnover in excess of £25m, profits and earnings per share.

Reporting to the Managing Director you will be responsible for the full Company Secretarial function throughout the United Kingdom for the areas covered by the company's wide-ranging activities.

A Chartered Accountant, probably aged 34-42, you will be a key member of the senior management team with the need to make a significant contribution to continue the growth pattern and future development of the company, both through acquisition and by internal growth.

This is an exciting and challenging career prospect for the well motivated and creative professional, with the opportunity to advance to the position of Financial Director for the person who can prove they are a top performer and able to fill this senior role working alongside a young and dynamic board.

Terms of engagement are excellent, and in addition to the base salary include a share option scheme, pension contribution, BUPA and a company car.

If you consider you can match up to the high standards required, please forward a resume, including a daytime telephone number, to John Sanderson Watts, Ref. SW753.

Coopers & Lybrand  
Executive Selection

Coopers & Lybrand  
Executive Selection Limited  
Shelley House 3 Noble Street  
London EC2V 7DQ  
01-806 1975

## APPOINTMENTS ADVERTISING

£43 per single column centimetre  
Premium positions will be charged  
£52 per single column centimetre

For further information call 01-248 8000

Tessa Taylor

ext 3351

Deirdre Venables

ext 4177

Paul Maraviglia

ext 4676

Elizabeth Rowan

ext 3456

## HOLIDAY AND TRAVEL ADVERTISING

is published on  
**Wednesday & Saturday**

For details of Advertising Rates contact:

Deirdre Venables  
Financial Times, Bracken House  
10 Cannon St., London, EC4A 3DF  
Telephone: 01-248 8000, Ext. 4657.



**£20,000 - £25,000 + Car Central London**

## Hawley Group FINANCE MANAGERS

The Hawley Group is one of the world's largest international service groups with substantial operations in the U.S., U.K. and Australasia, with a total market capitalisation of approximately \$2 billion and a combined turnover of c.\$1 billion.

There are exceptional opportunities for the successful candidates to make a real contribution to the continuing growth of the group and to gain experience of a diverse range of businesses. You will find a demanding environment where you will gain considerable exposure to senior management and to professional advisers. Responsibilities will embrace both financial reporting and project work.

Suitable candidates will be recently qualified Chartered Accountants aged mid-late 20's. In addition to possessing sound technical knowledge and the ability to work under pressure, candidates should be able to respond quickly to a fast moving environment. Realistic opportunities exist for promotion.

Please apply directly to Jeff Groat at Robert Half, Roman House, Wood Street, London EC2Y 5BA. Telephone: 01-638 5191.

**ROBERT HALF**  
Financial Recruitment Specialists  
London · Birmingham · Windsor · Manchester

## Join the financial sector revolution

International firm

London



Coopers & Lybrand is one of the major international accountancy and consultancy firms. Our list of international and financial sector clients is impressive, varied and expanding. The major growth in London of international business particularly in the financial sector has resulted in further opportunities within the firm.

**Coopers & Lybrand**

We are now looking for outstanding qualified accountants to help us meet the growing needs of

our clients. You will join our existing teams providing audit, investigative, corporate finance and advisory services working closely with consultancy staff and specialists from other disciplines.

Successful candidates will be recently qualified chartered accountants or finalists with good academic records. Career opportunities and prospects for international travel are excellent. The reward package is highly competitive and both management and technical training are first class.

For further information please contact Juliet Connock at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH. Telephone 01-831 2000.

**Michael Page Partnership**

International Recruitment Consultants  
London Bristol Windsor Salisbury Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide  
A member of Addison Consultancy Group PLC

CREATIVITY WITH QUALITY...

## FINANCIAL CONTROLLER

LONDON

£30,000 + BONUS + CAR

This leader in advanced design and construction is one of the UK's largest private building companies. It provides a range of services including traditional contracting and special works, and a major factor in its success has been the high volume of repeat business from a list of blue chip clients.

The Financial Controller will work closely with the Finance Director and have a staff of around 30 reporting in. Providing meaningful management information and tight financial control across an interesting corporate structure is the basic responsibility but the continued enhancement of systems is also vitally important.

You should be a qualified accountant in your mid thirties with extensive service industry experience. Commercial awareness and computer competence are equally important. Strong interpersonal skills and a desire to advance to operating division board level within the near term are also required in this dynamic environment.

Interested candidates should contact Geoffrey Rutland on (01) 629 8070, or send a detailed curriculum vitae, quoting ref L285F to him at Slade Consulting Group (UK) Ltd, Metro House, 58 St. James's Street, London SW1A 1LD.

International Search and Selection

**SLADE CONSULTING GROUP (UK)**

## Corporate Controller

BERKSHIRE

TO £40,000 + CAR + Full Executive Benefits

Our client is Northern Telecom, the World's leading supplier of fully digital telecommunications systems and a major supplier of information management systems for the office.

The European operations are currently undergoing a major development and expansion programme.

The Group now wish to strengthen their overall finance function by appointing a Corporate Controller. The main responsibilities of this post will include

Accounting and Control, Taxation, Planning and Analysis and Systems Development.

Candidates for this appointment will be qualified accountants, aged 35 to 43 years, who can demonstrate excellent experience in a financial control capacity gained within a multi-national.

Please send a full CV with handwritten covering letter to Mr. R. N. Collier quoting reference: N308.

**MOORES & ROWLAND**

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

50 St. Andrew Street,  
Hertford, Herts. SG14 1JA

## Finance Director (Designate)

'your first board appointment - an opportunity not to be missed' to £22,000 + car

Retailing

An excellent opportunity for your next and probably most crucial career move...

- ★ £10m turnover and extremely profitable
- ★ at the very forefront of its market sector
- ★ significant success achieved by progressive forward looking management with further potential yet to be realised.

...and all the more so when you consider that your expertise in improving the quality of financial management, and advice to the board, will greatly influence future expansion and performance.

Additionally a review of accounting systems plus the further development of computers will be a priority and, of course, there will be company secretarial duties and the host of diverse activities inherent in small company life.

Aged probably about 30 and qualified, you must offer broad-based experience in a retailing/cash transaction orientated environment. You will have acquired sound commercial acumen; the ability to implement computer systems and, of considerable importance, the skill to influence people and to be an effective team member.

And, you must have the desire to become involved in the total management of the business.

This appointment has a Northern Home Counties location and offers a comprehensive benefits package including a non-contributory pension scheme.

Please send a comprehensive CV, to Dennis Fielding, quoting Reference MD1293, at Macmillan Davies, Salisbury House, Bluecoats, Hertford, SG14 1PU. Telephone: (0992) 552552.

**Macmillan Davies**  
INTERNATIONAL SEARCH EXECUTIVE



## City Treasurer

### Up to £25k plus benefits and September review

Cambridge is a beautiful historic University City. It has a booming hi-tech economy. Its community is articulate and has a keen interest in shaping its own future. The Council recognises the problems and challenges the City faces, and has ambitious programmes to meet these. It is committed to the provision of progressive caring and responsive services. The Council has a track record of achievement and is looking for someone to make sure this continues.

The Council has a revenue budget of £35m, net expenditure level of £7.4m, a capital programme of £17m and a debt of £57m. The Finance Department has ninety-eight staff.

If you have top public sector financial and corporate management skills and if you are an effective team leader, come and realise your potential here.

Generous leave scheme and relocation package (including mortgage subsidy).

Job details and application forms can be obtained by telephoning (0223) 463235, extension 2100.

For a discussion about the job, the Council, the City, speak to Geoffrey Danson, the Chief Executive (ext. 2100) or Michael Ball, the Deputy Chief Executive (ext. 2416).

Closing date 12th October 1987.

City of Cambridge

## APPOINTMENTS ADVERTISING

£43 per single column centimetre  
Premium positions will be charged £52 per single column centimetre  
For further information call 01-248 6000

Tessa Taylor ext 3351  
Deirdre Venables ext 4177  
Paul Maravilla ext 4676  
Elizabeth Rowan ext 3456

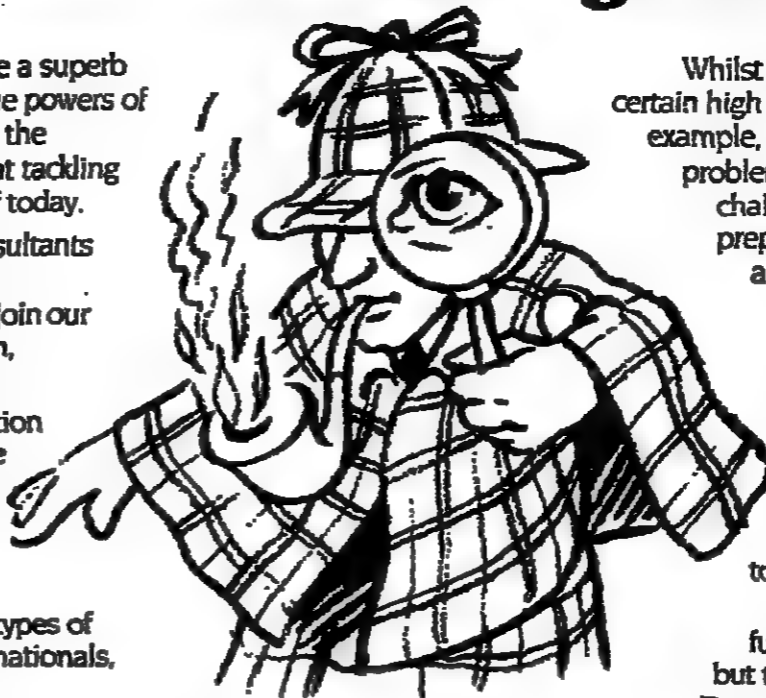
## At Touche Ross Management Consultants no standard solutions are sought and none are given.

Sherlock Holmes would have made a superb management consultant. With his unique powers of deduction and an ability to look beyond the obvious, he would surely have excelled at tackling the often complex business problems of today.

At Touche Ross Management Consultants we admire and actively seek people with disciplined, strongly creative qualities to join our thriving practice, in London, Birmingham, Manchester or Glasgow.

We have earned an enviable reputation for technical excellence and performance over a wide, prestigious client base; a reputation we wish to enhance by bringing aboard a further complement of naturally gifted problem solvers.

Our project work ranges across all types of business, from small companies to multinationals, nationalised industries and government departments.



**Touche Ross**  
Management Consultants

Whilst deerstalkers are not elementary to success, certain high level requirements are. You must, for example, want exposure to current technical problems. You must want the pressure of constant challenge and change. And you must be prepared to tackle each client assignment as a 'one-off'—basing each recommendation on its own individual merit. There are no standard solutions here!

Our other demands are a good first degree (preferably with an MBA or appropriate professional qualification). The salary is up to £35,000 plus car, and the upper age limit is around 40. There is ample scope to achieve partnership in 3-4 years.

If you are interested please write (with full cv) not to number 221b Baker Street, but to Michael Hurton, (Ref 4100), Touche Ross & Co., Tavies Inn House, 3-4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

## Commercially-Minded Accountant

... to help manage a business centre  
Nottingham

Boots The Chemist have a number of separate market-related business centres, offering excellent career opportunities for commercially-minded accountants, whose motivation is very much profit-driven.

You will work closely with both your Business Centre Manager and the Finance function. Your main responsibilities will be to provide an efficient management accounting service and take a key role in the direction, development and profitable operation of the business.

Probably in your late twenties or early thirties, you must be a qualified accountant with a proven record

of success within a commercial environment. Experience of retailing would be a distinct advantage.

Salary will reflect your experience and there is an excellent benefits package which includes a Company car, profit sharing bonus and generous assistance with relocation expenses, where appropriate.

Please write enclosing CV and details of current salary to: Mrs E.M. Durrance, Senior Recruitment Officer, The Boots Company PLC, Station Street, Nottingham NG2 3AA. Tel: Nottingham (0602) 506255.

THE BOOTS COMPANY PLC



## In the running for Tax Partnership?

Salaried Tax Partner to £40,000 + car  
ACA's/Ex-Revenue/Solicitors/Barristers  
— Central London

- ◆ An instant partner position
- ◆ Equity partnership in 1-2 years
- ◆ Established and profitable practice
- ◆ Superb modern offices
- ◆ Attractive client base
- ◆ Corporate tax planning
- ◆ Tax practice development

Our client is a well established, profitable and expanding, medium sized firm of chartered accountants in Central London seeking a salaried tax partner. Clients include retail, manufacturing, property, advertising and PR sectors. The successful candidate (male or female) will have experience at senior manager or equivalent level of tax planning, both U.K. and international, with a corporate tax bias and will be keen on pursuing a role which will also include tax practice development. For more information, please contact Eric Sutton or George Ormrod BA(Oxon) on 01-836-9501, quoting reference no. 1052/7978.



FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS  
**DOUGLAS & LAMBIAS**  
LONDON LIVERPOOL MANCHESTER ABERDEEN EDINBURGH GLASGOW  
DOUGLAS & LAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS  
TELEPHONE: 01-836 9501

## HOWITT GROUP FINANCIAL DIRECTOR-PRINTING

c. £25,000

John Howitt Group Ltd is seeking a Financial Director for its Commercial Printing Division. This division comprises of a fast growing web offset company, shortly to move into a new custom built factory, and a sheet fed colour printing company. Both plants are based in Nottingham and the annual divisional turnover is approximately £10m.

This appointment will report to the Divisional Managing Director and will be responsible for the development and management of the accounting and information systems. The successful applicant will be part of a small team responsible for the profitable growth of the division.

Applicants will ideally be aged 35-40, have a recognised accountancy qualification and a full understanding of computerised financial and management accounting. He/she will have at least five years experience in industry and will currently hold a senior management position.

The remuneration package for the successful applicant will include a Mercedes motor car, profit related bonus and an extensive range of fringe benefits.

Written application with full CV, to:

J. B. Miles  
Managing Director  
HOWITT WEBPRINT LIMITED  
1 Longwall Avenue  
Queens Drive Industrial Estate  
Nottingham NG2 1NA

## Financial Director

RICHMOND

c. £35,000 + CAR + PROFIT SHARE

MANAGEMENT HORIZONS is an international company, specialising in profit improvement for retailers and distributors of consumer goods and services.

Highly successful and acknowledged leaders in their field, they have achieved their enviable reputation by designing broad-based strategies and marketing programmes to improve companies' sales and profitability.

The Financial Director will exercise overall financial control and will provide the important contribution essential to the strategic planning and direction of the company. Priorities will be the provision and continuous improve-

ment of MIS and the management and development of the business both in the UK and overseas.

Candidates should be qualified accountants, who can demonstrate a record of achievement within a fast moving business environment coupled with the confidence and ability to make a significant impact to the company's financial decision making.

The benefits package associated with this position reflects its importance and will include a substantial profit share and full executive benefits.

Full CVs should be sent to Stuart Rosen, quoting Ref: MH/08/12.

**Hays Allan**

Management Consultants

Southampton House, 317 High Holborn, London WC1V 7NL

Also at: Cambridge, Canterbury, Exeter and Reading

Executive Search and Selection



## Newly Qualified or Part Qualified Accountant

Goal Petroleum is a listed British independent Oil Exploration and Production Company which has recently acquired Transworld Petroleum (UK) Ltd. As a result of expansion it now seeks a self starter to work in its Accounts Function.

As Accounts Executive you will be solely responsible for all basic accounting procedures up to trial balance. Successful performance will lead to considerable extension of job responsibilities.

Ideally in your mid 20s you will be a newly qualified or a part qualified accountant, possibly with experience in the oil industry.

Confident in your own ability, you are able to set priorities and use your own initiative. Assistance will be given towards completion of your qualifications.

In addition to a competitive salary there is a non-contributory Pension Scheme, Health Insurance, Season ticket Loan and free lunches. Please apply in complete confidence by sending your cv or telephone for an application form to Helen Stephens of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London, WC2B 6ST. Telephone 01-404 5701.

**Cripps, Sears**

## ELECTRONIC BANKING AND CASH MANAGEMENT SERVICES

## Corporate Treasury Management Consultant

### c.£35,000 + Car + Banking Benefits

### The City

Amongst its clients, the Corporate Banking Division of Lloyds Bank has some of the UK's largest multi-national companies.

Working closely with them and using the most advanced technology we are developing and implementing highly sophisticated electronic funds transfer and cash management systems.

To ensure we maintain a competitive edge in this rapidly expanding area we are seeking a Corporate Treasury Management Consultant to join our new, City based, Electronic Banking and Cash Management Services Section.

We demand a rare blend of skills in order to provide both existing and prospective clients with a top quality management consultancy service, and advice on treasury and other related matters.

Firstly you must have a broad knowledge and experience of treasury supported by a suitable qualification.

And secondly you must have demonstrable marketing and communication skills.

Your current position is likely to be as a Consultant or Treasurer in a large multi-national, a major firm of accountants, a Merchant or American Bank.

You'll be capable of managing a small team, training them up to your own exacting standards, and you'll enjoy a high public profile.

You should now be looking for a new challenge where skill and effort can bring outstanding success leading to personal advancement plus opportunities for travel.

A package of around £35000 is offered, a car is provided and our range of benefits include an annual bonus, a profit sharing scheme, preferential mortgage and loan schemes plus re-location assistance if required.

To apply, please write, detailing your specific achievements and enclosing a full CV, quoting Ref CM/179, to:

Michael Meltzer  
Senior Manager  
Electronic Banking & Cash Management Services  
Corporate Banking Division  
Lloyds Bank Plc  
71 Lombard Street  
London EC3P 3BS.



**Lloyds Bank**

A THOROUGHbred AMONGST BANKS.

## COMPANY ACCOUNTANT CROYDON INSURANCE LOSS ADJUSTERS

Company Accountant required for Insurance Loss Adjusters with 10 Offices and an H.Q. based in Croydon.

The company has recently been acquired by an Investment Company and expansion is planned. The Company Accountant will report directly to the Chief Executive and will be responsible for Accounting, Finance, Computerisation and Administration. The salary package will be tailored to suit a determined qualified candidate. Age up to 30.

Please apply enclosing C.V. to:  
C. C. N. Wynne FCA, Chief Executive,  
WYNNE CORPORATE FINANCE LTD.,  
27 Emperors Gate, London SW7 4HS.

VI

## Commercial Involvement In The Fashion World Financial Director

North London

£30,000 + Car

Our client, a subsidiary of a major Plc, is a retail and design company with a high profile in the fashion world, a highly competitive and rapidly changing market.

A Financial Director is required to join a young dynamic management team within this fast moving creative environment.

The Company seeks a commercial individual who will have significant impact on the strategic management of the business and who will play a major role in the development of the accounting function.

The successful candidate will be a chartered accountant, aged 30-35, who must be commercial with a hands-on approach, energetic, assertive and have good inter-personal skills. Experience in initiating change via computer-based systems would be a distinct advantage.

Interested applicants who meet these requirements should write, enclosing a comprehensive curriculum vitae, to Jon Anderson ACMA, The Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH quoting ref: 452.



**Michael Page Partnership**

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide  
A member of Addison Consultancy Group PLC



**UNITED TECHNOLOGIES**  
Brussels or Milan

## Operational Audit

£21,000 - £29,000 with tax benefits

United Technologies is a broad-based designer and manufacturer of high-technology products with worldwide sales in excess of US \$15 billion. The Company's best known products include Pratt and Whitney aircraft engines, Sikorsky helicopters, Carrier air-conditioning systems and Otis elevators. United Technologies ranks among the top twenty industrial corporations in the Fortune 500. European operations have expanded rapidly, with over sixty acquisitions and new ventures in the last five years and sales now in excess of US \$2 billion.

The European audit team provides a means for United Technologies' future managers to gain commercial experience in a European environment before moving into a position within an operating company. This active policy of internal advancement has resulted in four promotions to middle management and executive levels in the last ten months.

Further planned promotions lead them now to seek other high-calibre individuals who can demonstrate a similar desire to succeed and potential for advancement.

These positions represent an excellent opportunity for those seeking a first move out of the accountancy profession, or alternatively a second move within industry, into a position of responsibility in a manufacturing company.

Candidates must possess superior communications and analytical skills. Critical to success in these assignments is the ability to recognise possibilities for improvement and then present convincing recommendations to senior management. Audit experience of three to eight years, and working knowledge of a second European language are also required. These positions involve assignments at various locations throughout Europe, with return to homebase at weekends.

In addition to the definite career prospects, a substantial salary and benefits package is offered. Interested applicants should contact Stephen Raby on Brussels: (010 322) 648.13.84 at Michael Page International, Avenue Louise 350, box 3, 1050 Brussels.

Alternatively, write to him c/o Michael Page International,

39-41 Parker Street, London WC2B 5LH.

Please enclose a comprehensive curriculum vitae with your application, quoting Ref. B 354/FT.



**Michael Page International**

Specialists in Finance Recruitment

London Amsterdam Brussels New York Paris Sydney

## Efficiency, Economy and Effectiveness Our growth demands them Your expertise will guarantee them

Not only are we constantly growing at the AA, we are also constantly diversifying. Well established as the world's largest motoring organisation, we are also enjoying success in numerous other business areas.

It's growth that is set to continue. And growth that has demanded the complete reorganisation of our Audit function.

Our newly established Management Audit function, directed by an imaginative, farsighted senior management team, will be responsible for undertaking reviews and appraisals of all business areas utilising techniques such as Value for Money, CAATs, CWM etc, to measure performance against set business goals and objectives.

As a result of this each of the following new specialist roles calls for accomplished oral and written communication skills, together with strong commercial acumen:-

### Head of Performance Audit

£20,500

Reviewing and appraising our business, you will devise and implement strategies designed to measure our business objectives against set goals, and also carry out comparative financial analysis.

Equipped with a professional qualification, you must have also gained at least 3 years' experience of the application of Value for Money techniques within a large, diverse organisation.

### Head of Clerical Work Measurement

£18,500

Working closely with the Head of Performance Audit, you will identify areas where clerical work measurement and allied techniques can effectively reduce costs and increase efficiency.

Flexible, imaginative and educated to degree level, you will have 5+ years' management services experience, plus formal training in one or more of the analytical techniques.

### Head of Computer Audit

£20,500

Technology is at the forefront of the Association's business. You will be responsible for providing independent appraisals of the soundness and adequacy of accounting, financial and other operating controls within our computer based operations and procedures. As a qualified Accountant you must have computer auditing experience gained in a large, diverse organisation using innovative technology and be familiar with the use of CAATs.

### Head of Systems Audit

£18,500

You will work closely with the Head of Computer Audit to ensure that computer and manual based operations and procedures meet the demands of business development.

Your accountancy qualification must be backed by at least 2 years' auditing experience gained in a large company environment utilising computer based systems.

As our growth continues, so will yours. Indeed, you can look forward to excellent career prospects. We will also enhance your salary with pension, life insurance and private health insurance schemes, relocation assistance to our Basingstoke Head Office where appropriate, and a wide range of other benefits, some of which are unique to the AA.

For us to consider your background in relation to these requirements, please write, enclosing your CV, or telephone for an application form and job description to the Manager Personnel, Head Office, at the address below. Tel: 0256 493071.



THE AUTOMOBILE ASSOCIATION, FANUM HOUSE, BASING VIEW, BASINGSTOKE, HAMPSHIRE RG21 2EA.

## Director of Financial & Planning Services

£25,000 PLUS CAR

CITB, a major Training Board, which, in addition to providing a comprehensive training service for the Construction and Allied Industries, is the largest Managing Agent for the Government Youth Training Scheme, wishes to appoint a Director of Financial and Planning Services.

Reporting to the Chief Executive, this key post will be responsible for:

- Financial Planning
- Budgeting
- Management Information
- Computer Services
- Advice to the Board and its Committee on Financial Policy

Candidates for this appointment must be professionally qualified and have experience of the key functions outlined at senior level.

Essential personal qualities will include the ability to communicate effectively with senior people in industry and possession of proven management skills.

Benefits include a Board car, contributory pension scheme and annual holiday entitlement of twenty-five days, plus statutory public holidays.

The appointment is based at the Board's Headquarters at Bircham Newton, near King's Lynn, Norfolk, where necessary financial and other assistance with relocation will be provided.

Applicants for this appointment should write, enclosing a detailed curriculum vitae, to:



The Chief Executive,  
Construction Industry Training Board,  
Bircham Newton,  
KING'S LYNN,  
Norfolk, PE31 6RH

CITB is an Equal Opportunities Employer

## CORPORATE FINANCIAL ANALYSIS

The Morgan Group is a major international group and a world leader in a number of applied technology industries. Our dynamic growth plans involve further expansion of the Group both organically and by acquisition.

Based at our international headquarters in attractive Windsor, you will be a key member of our small, corporate finance team which reports to the Group Finance Director. The wide-ranging activities of this team centre mainly on acquisition appraisals and execution but also include financial restructurings, financial and operational reviews and a variety of other corporate financial problem-solving projects. Members of the team work almost exclusively with Board level executives in the performance of their duties. Some periodic overseas travel will be required.

For this stimulating role we are seeking candidates of the highest calibre, aged 26 to 32, currently working in either commerce or the profession who, in addition to excellent personal qualities, can offer previous investigation or analytical experience. Your capability for clear, logical thinking is essential as is your knowledge of microcomputer modelling and your ability to analyse and interpret accurately financial performance information. Budget preparation skills are also required.

An attractive employment package incorporating relocation assistance, where appropriate, will be offered to the selected candidate.

Please write enclosing current CV to:



Andy McIntosh  
Group Personnel Adviser  
The Morgan Crucible Company plc  
Charlton House  
6-12 Victoria Street  
WINDSOR  
Berkshire  
SL4 1EP

## Financial Controller

£25,000 + Car

Rural Berks

Long established and now part of an International Group my client enjoys buoyant markets worldwide. To further develop its commercial interests and control its financial functions the company needs a commercially orientated Financial Controller.

You will have full responsibility for the accounting functions of the UK company and its overseas subsidiaries. Duties will range from the presentation of budgets, cost control, and the preparation of management accounts, to the maintenance of procedures in compliance with statutory requirements.

Candidates will be Chartered Accountants with experience in a manufacturing environment. A strong commercial awareness and familiarity with computerised accounting systems are also essential. For applicants in the 27-35 age range, prospects are excellent.

In addition to a negotiable salary and company car, the remuneration package includes pension, private medical and accident insurance schemes. Write with full CV to: Della Hoban, PER, 20 Broad Street Mall, Reading RG1 7QB.

PER Management Selection

## RECENTLY QUALIFIED ACCOUNTANTS Discover a network of outstanding careers

ACMA

If you have qualified as a professional accountant you will probably have to consider what your next challenge is the right one for you.

British Telecom - one of the largest and most successful companies in the UK - can provide this challenge. With a network of high-calibre accountancy teams operating across the full range of our activities, we can offer you outstanding opportunities to develop your skills in the following fields:

**FINANCIAL ACCOUNTING**  
Developing and maintaining the Group's accounting policies and financial controls, and consolidating and presenting financial reports to the Group. There's variety, early responsibility and excellent prospects for the right people.

**INTERNAL AUDIT**  
The largest of the Group's finance departments is responsible for investigating the policies, plans and procedures of eight operating divisions with nearly a quarter of a million employees worldwide. A high-profile department providing every opportunity for rapid personal and professional development.

**TAXATION**  
A fast-growing department responsible for the Group's tax affairs all over the world. All Corporation tax payments are close to £900m, and British Telecom is responsible for approximately 7% of the country's total tax revenue.

### TREASURY

Controlling the financing of the business involves overseeing short-term investments of over £1 billion and monitoring day-to-day cash flows in an annual turnover of almost £10 billion.

Whichever area you join you will have full scope for career development and progression throughout our business. We give you a fuller list of everything we can offer, you are invited to ask.

**INFORMAL OPEN EVENING**  
at  
The British Telecom Centre  
81 Newgate Street London EC1  
on Thursday, 24th September  
from 5.00 pm - 8.00 pm

There will be refreshments on hand, plus a variety of videos, exhibitions and literature to leave you in no doubt of the challenge and rewards waiting for you.

If you're interested, but cannot come along on the day, write for further details to: Ann Hubert, British Telecom Management Recruitment Unit, 2nd Floor, 100 Abchurch Lane, 2-4 Fitzroy Street, London W1P 5AD, or telephone (01-479 8000) ext 222220.

British Telecom is an equal opportunity employer. All suitably qualified individuals, irrespective of sex, racial origin or disability, are welcome.

British  
**TELECOM**

## APPOINTMENTS ADVERTISING

£43 per single column centimetre  
Premium positions will be charged  
£52 per single column centimetre

For further information call  
01-248 8000

Tessa Taylor ext 3351  
Deirdre Venables ext 4177  
Paul Maraviglia ext 4676  
Elizabeth Rowan ext 3456

**Financial Software Consultants**  
£25,000 + Car  
Sales ability with thorough accounts experience in depth computer training given Excellent prospects with this dynamic expanding firm  
**Retail Accountant £20,000**  
First move from the professional Excellent growing ground for Financial Directors post 10-15 background PPT Subsidised contract  
**International Audit Post**  
£25,000 + Car  
70% travel Prospects to Financial Accountant 10 weeks holiday Subsidised contract  
Call NOW on 01-638 2683 or write to: Bill Howland, 5th Floor, 12/25 Eldon Street, LONDON EC2M 7LA

## EXECUTIVE JOBS

### YOU EARN OVER £25,000 PA AND ARE SEEKING A NEW TOP EXECUTIVE APPOINTMENT

In the accountancy or financial field Connought's team of professionals, all of whom have had experience at managing director level, can help you.

Connought's successful Executive Action Plan helps you find appointments quickly and discreetly, particularly in the area of unadvertised vacancies.

Contact us for an exploratory meeting without obligation:  
If you are currently overseas, ask for our Executive Expert Service  
32 Saville Row, London W1X 1AG - Tel: 01-734 3679

Connought



# SECTION II - COMPANIES AND MARKETS

## FINANCIAL TIMES

Thursday September 17 1987



### Henkel forms French joint venture with Colgate-Palmolive

BY HAIG SIMONIAN IN FRANKFURT

HENKEL, the West German specialty chemicals and detergents group, has reached agreement with Colgate-Palmolive of the US on a French joint venture to manufacture the household care products of Lesieur-Cotelle, the French washing and detergents company which Henkel bought in June for FF2,050m (\$330m).

The deal means that Henkel is effectively selling a half share in Lesieur-Cotelle, since renamed Cotelle and which last year had sales of FF1,350m, to Colgate's French subsidiary for FF1,910m.

Colgate-Palmolive France is buying the marketing rights to a variety of Cotelle products, including chlorine bleaching agents, bar soaps, window and household cleaners and toilet bowl cleaners, with total sales of about FF750m.

Colgate-Palmolive France, which had sales in France last year of FF1,350m, is also taking on Cotelle's

subsidiaries in Africa and Luxembourg, as well as a major part of its business in Belgium, with sales totalling FF1,150m.

Meanwhile, Henkel France will market Cotelle's household cleaners, dishwashing products and fabric softeners, which have total annual sales of about FF700m.

On the production side, the two companies intend to manufacture Cotelle products through a 50-50 joint venture, which will also include Cotelle's applied research. The two companies have also agreed that each will be able to use internationally Cotelle's technology and know-how, especially in liquid and concentrated cleaning products.

The two maintain, however, that they intend to remain competitors as before both in France and internationally. Quite how is not made clear.

### Lorimar to sell ad agencies for \$143.2m

BY DEBORAH HARGREAVES IN NEW YORK

LORIMAR-TELEPICTURES, the California-based television producer, has agreed to sell its three advertising agencies, Kenyon & Eckhardt, Poppe Tyson, and Bozell, Jacobs to a Bozell management group for a total of \$143.2m.

The sale, which continues the company's current restructuring programme announced in April, will enable Lorimar to concentrate on its core entertainment and production business, Mr Merv Adelson, chairman, said.

Lorimar, which produces well-known television series Dallas and Knots Landing, has made several restructuring efforts since it was created in February last year. In June, it abandoned its attempt to

set up its own network of television stations and agreed to sell those it had already acquired.

The sale of its advertising units, which should be complete within 75 days, comes after the company posted a loss of 15 cents a share in the second quarter. Lorimar's stock was up 5% in early trading yesterday to \$10 1/2.

The Bozell, Jacobs management group said it has engaged Merrill Lynch to arrange financing for the sale, which includes agreement to pay \$22.2m of the purchase price in future instalments. Bozell, Jacobs - with annual billings of more than \$1.4bn - is the 12th largest US advertising agency. Poppe Tyson has billings of \$70m.

### Equiticorp increases Guinness Peat bid

By Terry Povey in London

EQUICORP, the New Zealand banking and investment group, has increased its bid for the Guinness Peat Group (GPG), the UK banking and fund management group, by 5p to 115p-a-share but British publisher Mr Robert Maxwell was yesterday trying to promote rear guard resistance to the offer by buying 5m GPG shares at higher prices.

After a series of overnight meetings with Equiticorp on Tuesday, Guinness Peat decided not to recommend the increased offer to which values it at £356m (\$567m), describing it as inadequate.

However, while the GPG board is keen to obtain an improved offer, the level of the group's opposition to the Equiticorp bid is clearly more muted.

GPG's changed mood was apparent in the decision of its board to agree to the lifting of Takeover Code limitations in Equiticorp which blocked the bidder from making further share purchases before Friday.

As a result, the New Zealand company acquired an additional 11.9m shares yesterday from the managers of Forstmann-Leff, the US fund management subsidiary acquired by GPG in October 1986.

This share purchase takes Equiticorp's total holding in GPG up to 39.2 per cent. Of the outstanding shares, 2.6 per cent are owned by Mr Joel Left, who is prevented by his membership of GPG's board from selling his shares at this stage, and a further 5.7 per cent is in the hands of Lord Kinnaird, GPG's founder.

Yesterday Lord Kinnaird announced that he would not sell any of his shares for six months. In addition, he is sub-underwriting, for no fee, part of Equiticorp's increased offer.

There is still confusion as to Mr Maxwell's intentions.

See Page 18

Gordon Cramb in New York assesses the US producer's ambitious growth plans

### Pickens spurs Newmont Gold rush

NEWMONT GOLD	
Production (000 oz)	
1986	474
1987*	585
1988*	913
1989*	1,400

\*Forecast

faintly inked in for 1989, are to start immediately. According to Mr Nicolas Toufexis at Prudential-Bache: "I couldn't understand why they were postponing it. I don't think what is happening now is coincidental."

The 1986 annual report spoke of a 22 per cent increase in production this year to 577,000 ounces, with sales expected to grow "significantly" in 1986 and 1989. Forecasts for these periods were later quantified at 777,000 oz and 890,000 oz.

By August 27 this year, Mr Gordon Parker, group chairman, was able to write to shareholders in Newmont Mining telling them that a 585,000 oz production could be expected for 1987, with the two following years bringing 850,000 oz and then 1m oz.

"Newmont Gold thus promises to become the first company in the history of North American mining to produce a million ounces in a single year," he said. This was from proven and probable reserves of an estimated 14m oz.

Barely two weeks later, on September 11, mining analysts and the

public heard Mr Peter Philip, Newmont Gold president, speak of "an aggressive new business plan and capital investment programme."

Under this, next year should see 913,000 oz from Newmont Gold, while the 1989 figure was raised to 1.4m oz. Thereafter, it "will reach 1.6m oz in 1990, a level which can be sustained through 1992 and beyond, based on current proven and probable geologic reserves of 14m oz," he added.

Over that fortnight, in other words, Newmont had found ways of extracting and processing close to a quarter more metal for the next two years. At today's bullion values, just that latest boost to production targets would, if met, bring in an extra \$210m. The combined effect of the two-stage raising of output ambitions would yield nearer \$300m.

So how is this to be achieved? First, capital spending over the five years is to be doubled to \$400m compared with the outlay originally planned. By 1990 the properties will be served by four mills rather than the current two, and leaching facilities for lower grade ore will also be more than doubled from current capacity.

Second, \$70m will now be spent on exploration. This is intended to keep reserve development in step with the far faster output rate.

Third, last week Newmont disclosed a rare quantification of its long-range projections for its prop-



Peter Philip, president of Newmont Gold

erties. Mr Parker's 14m oz figure for reserves had been accepted as standard, if conservative.

However, the company's latest announcement of "another estimated 6m oz" - noting that this was based on drill hole data and geological inference - has not yet been fully analysed.

Mr Toufexis believes the resultant 20m oz in prospect is still "grossly understated."

Mr William Siedenburg at Smith Barney says: "They probably had a number of alternative plans, each in a different pigeon hole. They just pulled out the right pigeon."

Every share in Newmont Mining embodies 1.4 mits of Newmont Gold stock, he says.

Bringing production forward has a clear knock-on effect on market values for both - although Newmont Mining shares did not respond to the full extent that would imply Ivanhoe was required this week to raise its bid by \$10 a share to \$103.

One way Newmont could reduce its allure for Mr Pickens is to spin off the gold side to shareholders. Consolidated Gold Fields of the UK, Newmont Mining's biggest shareholder with 26 per cent, might be among those interested in a separation of the pure gold interests from Newmont's coal and energy involvements.

But Mr Siedenburg argues that the market value of the aggregate would almost certainly emerge lower, because a spin-off would dilute or remove the scarcity value in Newmont Gold shares.

Meanwhile, the production boost and the extra spending it entails could be judged either way. "If you have a good gold property and can pull it out now, there are people, probably in Cons Gold too, who see an early 1990s with worldwide gold production increased so much that it would force the price down."

"Unless that is, we have a bout of inflation and gold would go very high. For that scenario, you would want to defer production. In a way, you're damned if you do and damned if you don't," says Mr Siedenburg.

### Bethlehem Steel in 12m share issue

BY ANATOLE KALETSKY IN NEW YORK

BETHLEHEM STEEL, the third biggest US steel company, is planning to issue 12m shares of new equity, a move which will increase its common stock outstanding by 23 per cent.

The proceeds of the offering, which could raise more than \$200m at Bethlehem's current stockmarket price of \$17 1/2, will be used to retire debt and strengthen the struggling company's highly-leveraged balance sheet.

As such, the capital-raising exercise is an unusual manoeuvre at a time when many US industrial companies are still restructuring their balance sheets and increasing leverage in their attempts to boost returns on common stockholders' funds.

Bethlehem has only just emerged into profitability after a period of near-catastrophic losses stretching back to 1982.

Its cumulative losses in the five

years to mid-1986 amounted to more than \$2bn and it was widely thought to be the next candidate for bankruptcy after LTV, the second-largest US steel company, filed for court protection last year.

The company's debt has grown while equity has shrunk because of the losses. At the end of the second quarter, Bethlehem had more than \$2bn in long-term debt and liabilities against total equity of \$824m and common equity of only \$496m.

### Chase sells Saudi stake

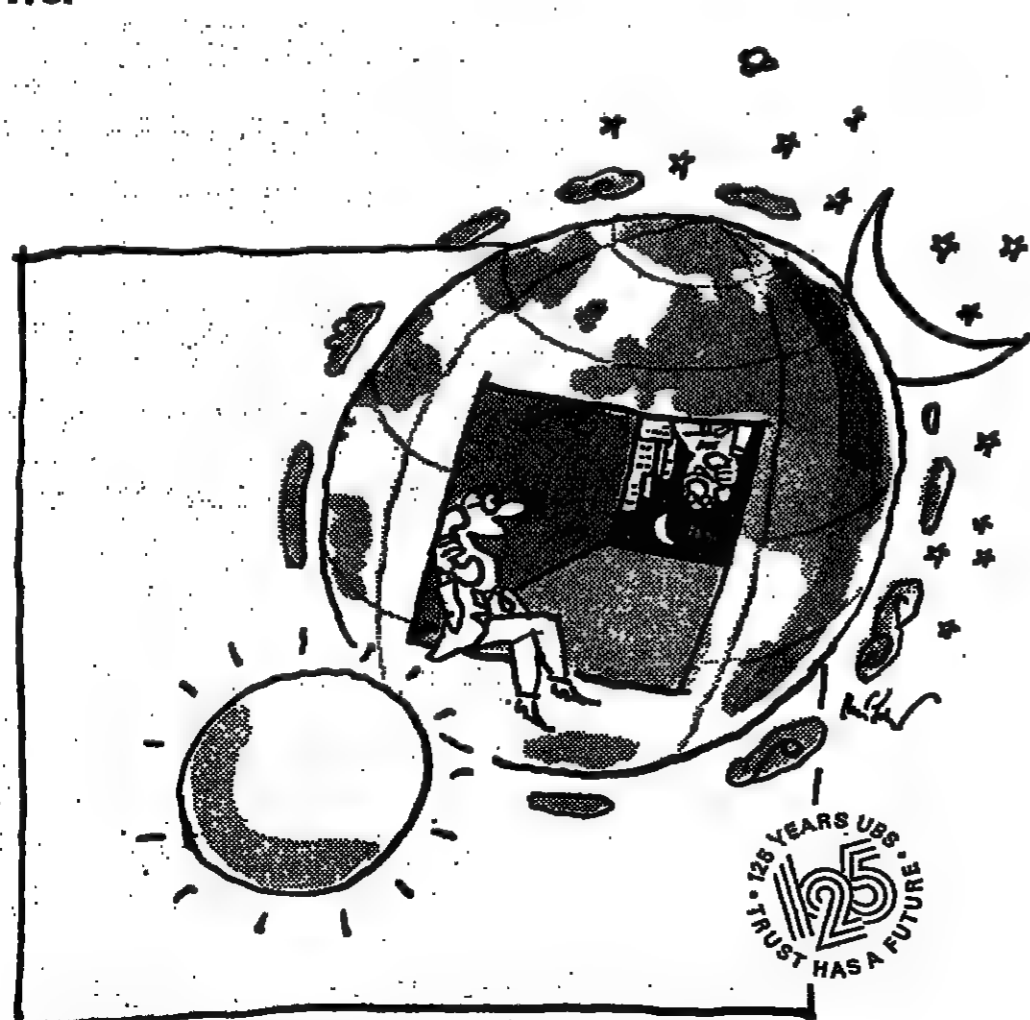
BY FINN BARRE IN RIYADH

CHASE MANHATTAN, the major US banking group, is selling one quarter of its 20 per cent stake in Riyadh-based Saudi Investment Bank (SIB) to National Industrialisation Company (NIC), a Saudi industrial investment concern.

NIC is purchasing another 5 per cent from Commerzbank of West Germany to give it a 10 per cent stake in SIB, the smallest of the kingdom's nine joint venture banks. The two deals will not be finalised until after present foreign shareholders are given the first option to buy these shares. Chase will remain the largest joint venture partner in SIB, and NIC's purchases will make it the bank's second largest shareholder.

Chase said yesterday that the sale was "in keeping with our worldwide policy of reducing minority investments, particularly where we can't have a majority investment."

Securities  
trade 24 hours a day.  
So do we.



Securities sales and trading call for 24-hour global presence. Talk to UBS. The leading Swiss AAA-rated bank is present, with full service operations, in all major financial centres.

UBS - Phillips & Drew Capital Markets Group  
Zurich, London, Frankfurt, New York, Tokyo,  
Toronto, Sydney  
Investment Banking on a worldwide scale



### Which bank established the first project finance team in Turkey?



İktisat Bankası is the first Turkish Bank to establish a project finance team.

We operate out of our Head Office in Istanbul, maintaining close contact with all major companies in both the private and the public sector.

Current projects include power stations, pipelines, motorways, dams, telephone systems and hotels.

We can actively assist in financing a project, since we have the expertise this market requires.

We can also help find joint venture partners. And provide you with all the advice you need on investing in Turkey.

Whenever time is money, you'll find İktisat can put you ahead of the competition.

**İKTISAT BANKASI**

Turkey's Merchant Bank

For further details, please contact Arthur Wilkinson, Assistant General Manager, İktisat Bankası, Büyükdere Cad. 165, Beşiktaş, İstanbul, Turkey Telephone: 172 7000 Telex: 276815 Fax: 172 3071.  
Branches at İstanbul (8 branches), Ankara, Izmir, Bursa, Adana, Mersin, Gaziantep, Denizli, Işıkent, Samsun, Ordu.

## INTERNATIONAL COMPANIES and FINANCE

## Brierley investment vehicle ahead

**INDUSTRIAL EQUITY** (Pacific) (IEP), Mr. Ben Brierley's Hong Kong-listed investment vehicle, showed a jump of 158 per cent in holding costs of an expanded share portfolio, reports Reuters in Sydney.

IEP, owned 51 per cent by Brierley Investments and 18 per cent by Industrial Equity said the holding costs of new investments always exceeded the initial return.

IEP earlier reported net profit rose to HK\$419.1b (US\$53.7m) in the year ended June 30 from HK\$162.2m in 1985-86 on sales up at HK\$55m from HK\$32.1m. Earnings per share doubled to 129 cents from 70, despite capital issues in January and the effect of absorbing a HK\$2.7m increase in its share portfolio to HK\$9.33m at balance sheet date.

The company said the cost of its share portfolio, mainly British and US companies, was HK\$7.16m.

Most of its investments are held with a view to eventual full or partial acquisition or other degrees of permanent relationship. In recent years it had made more disposals than normal because of buoyant share markets but the prime objective remained expansion by acquisition, it said.

## Pacific Dunlop profits expand

BY CHRIS SHERWELL IN SYDNEY

**INCREASED EARNINGS** from the sale of condoms and surgical gloves have contributed significantly to the broad-based improvement in revenues and profits at Pacific Dunlop, according to results released yesterday for the year to June.

The Australian rubber products and electrical goods conglomerate reported a 94 per cent increase in after-tax profits to A\$146.1m (US\$108.2m) from A\$110.5m, on a 112 per cent rise in turnover to A\$2.67bn.

The group said the figures, which were reported on an equity-accounted basis, pointed to a compound annual growth rate in earnings of 30.8 per

cent since 1980.

Earnings per share increased from 27.5 cents to 32.3 cents, while return on shareholders' funds rose above 20 per cent to 20.9 per cent for the first time. The dividend was lifted 1 cent to 12.5 cents per share, fully franked.

Electrical products and consumer products were once again the two biggest contributors to turnover and earnings in the year, producing A\$1.25bn in sales and A\$145m in profits before interest and tax.

But the AIDS scare meant the latex and medical products division showed a 31 per cent rise in gross sales to A\$269m and a 43 per cent increase in

pre-tax profit to A\$43m.

Growth in the US and Europe was strong, and the group said Ansell International, operating at full capacity worldwide, improved its position as the world's largest manufacturer of condoms and latex medical and household gloves.

The batteries division was hauled out of the red to make a small A\$1m profit. Sales and profits in Australia and New Zealand were up, but the group said overall earnings were held back by restructuring costs at Pacific Chloride in the US.

Tyre manufacturing and retailing was the only division to show a fall, but the group said excellent progress had

been made combining the operation of Dunlop Olympic and Goodyear in Australia, New Zealand and Papua New Guinea. This merger, completed last March, created South Pacific Tyres, Australia's largest tyre business.

In footwear, Pacific Dunlop expanded in the US market and said that in Australia it now sold four out of every 10 pairs of shoes purchased.

Overall it said about 25.6 per cent of its revenues and 33.3 per cent of its earnings came from outside Australia. Directors said the group planned to increase the earnings share in the current year.

## Dairy Farm shows 49% rise for six months

By Our Financial Staff

**DAIRY FARM** International the Hong Kong-based food retailing and manufacturing group, yesterday reported interim after-tax profits for the six months ended June 30 of HK\$172m (US\$22m), up 49 per cent from HK\$115.6m for the previous half year.

Sales were up 26 per cent to HK\$ 6,011m, including for the first time a full half-year contribution from Maxims, acquired in September 1986.

The company, 35 per cent of which is held by Jardine Matheson, was spun off from Hong Kong Land when it was demerged in August 1986. In July this year, it succeeded in a \$147m (US\$ 241m) partial tender offer for 26 per cent of Kwik Save, the UK discount food retailer. It also has operations in Australia, where it owns Franklins, the country's third largest food retailer, and in China, where it operates a joint venture producing ice cream in Guangzhou.

Mr. Simon Kewick, chairman, said the company's Hong Kong operations had benefited from the strength of the economy, and that it would continue its strategy of expanding into new markets in the Far East. A further factory was planned in Guangzhou, and the company had received government approval for a supermarket and drugstore chain in Taiwan.

As a result of property sales, a share issuance to Jardine Matheson and a planned issuance of US\$150m, the company would be debt-free by the end of the year.

## Singapore bank advised to accept offer

**STANDARD CHARTERED** Merchant Bank Asia (SCMA) has advised shareholders of the Industrial and Commercial Bank (ICB) to accept a takeover offer by the United Overseas Bank, reports Reuters in Singapore.

SCMA, retained by ICB to assess the offer, said in a circular the offer was fair and reasonable in relation to the dividends, earnings and net tangible assets of ICB.

It said ICB had the potential to become more competitive and achieve a better financial standing under UOB management. UOB, which already owns 28 per cent of ICB, is bidding for the remaining 26m shares. It is offering either seven of its shares for every eight ICB shares or S\$5.75 cash for each ICB share. The offer closes on September 24.

## Chevron to sell Angolan stake

BY OUR FINANCIAL STAFF

**CHEVRON** said on Tuesday it will sell part of its stake in an Angolan oil partnership in the next few weeks to the Italian national oil company AGIP.

Chevron said the sale, which analysts value at about \$300m, is part of the company's efforts to cut its \$8.2m debt, largely caused by the purchase of Gulf Corporation in 1984. Chevron recorded its first quarterly loss in 53 years in the last quarter of 1986, and has been hard hit by the slump in oil prices.

Chevron acquired the Angolan interest when it bought Gulf, which has been active in Angola for about 30 years. The company will now sell one-fifth of

its interest, or about 10 per cent of the stake in the oil partnership in the African nation. Sonangol, Angola's national oil company, owns 51 per cent and Cabinda Gulf, a unit of Chevron, currently owns 49 per cent. Chevron would not comment about the purchase price, and said it was not likely the company will sell its entire interest in the Angolan operation.

Chevron's ownership in the Angolan oil partnership has been the centre of considerable controversy. Conservative Congressmen within the Conservative Caucus have criticised Chevron for its presence in Angola, which has been a long-

standing embarrassment for the US Administration, which funds the anti-government Unita guerrillas.

In April, Senator Jesse Helms sent letters to Chevron shareholders asking them to join a protest against Chevron until it withdraws its interests in Angola, claiming it side the Soviet/Cuban occupation in that country.

But analysts in Washington doubt whether this has been a significant factor in the decision to sell. Despite repeated Congressional attempts to penalise the company for its involvement, no effective legislation has been passed.

## Japanese outlook improves

**CORPORATE PROFITS** of Japanese companies will fall an average 0.5 per cent in the year ending March 1988, according to a survey by the Nomura Research Institute, Reuters reports from Tokyo.

That compares with an estimate in June of a 4.2 per cent drop, and an 8.5 per cent decline in the whole of 1986/87.

The survey covered 868 companies with an April to March

financial year and listed in the first section of the Tokyo Stock Exchange.

Current profits of manufacturing industry will rise 31.2 per cent in 1987/88, up from an earlier estimate of 20.2 per cent rise and a 22.6 per cent drop in 1986/87, the Nomura report said.

But profits of non-manufacturing industry will fall 22 per cent in 1987/88, mainly because electric power companies face large

profits drop due to higher oil prices and repayment to consumers of gains from the year's rise, the report said. That compared with an earlier estimated 15.1 per cent rise and a 24.5 per cent gain in 1986/87.

The gains reflect a better-than-expected domestic economy thanks to higher housing starts and private consumption, a recovery in product market prices and measures to check the yen's rise against the dollar.

This announcement appears as a matter of record only.

September, 1987



PHILIPS

N.V. Philips' Gloeilampenfabrieken

(Incorporated with limited liability in the Netherlands)

U.S. \$300,000,000

Euro-Commercial Paper Programme

Dealers

Bankers Trust International Limited  
Citibank Investment Bank Limited  
Credit Suisse First Boston Limited  
Swiss Bank Corporation International Limited

Issuing and Paying Agent

The Chase Manhattan Bank, N.A.

August 13, 1987

## Chrysler Corporation

has acquired

## American Motors Corporation

The undersigned acted as financial advisor to Chrysler Corporation and assisted in the negotiations.

## Salomon Brothers Inc

One New York Plaza, New York, New York 10004  
Atlanta, Boston, Chicago, Dallas, Los Angeles, San Francisco, Zurich.  
Affiliates: Frankfurt, London, Tokyo.  
Member of Major Securities and Commodities Exchanges.



PEARSON INC.

through a wholly owned subsidiary has acquired  
the outstanding minority interest in

## CAMCO, INCORPORATED

The undersigned acted as financial  
advisor to Pearson Inc.

SIMMONS & COMPANY  
INTERNATIONAL  
Houston

## Pearson Inc.

through its wholly-owned subsidiary

## CI Acquisition Inc.

has acquired  
the outstanding minority interest in

## Camco, Incorporated

The undersigned acted as financial advisor to  
Pearson Inc. in this transaction and as  
Dealer Manager of its tender offer.

## LAZARD FRÈRES &amp; Co.

September 15, 1987

## BANRO INDUSTRIES plc

Interim Results - Unaudited

Results for the half year to	30.6.87	30.6.86	Year to 31.12.86
Turnover	£2,000	£2,000	£2,000
Profit before tax	1,076	851	2,528
Earnings per share*	5.7p	5.6p	16.0p
Dividends per share (net)*	1.9p	1.7p	6.3p

\*Comparative figures revised to reflect the effect of the rights issue in September 1986 and the one-for-one capitalisation issue on 1st May 1987.

66 The Group has made good progress during the first six months of the current year and demand for the Group's products has been strong. Plated Steel and the Edward Rose companies all recorded very satisfactory progress. During the last six months substantial investment has been made at the Edward Rose companies in tooling for a number of major new contracts for the supply of microwave oven cabinets to Panasonic and Brother Industries. This follows the highly successful contracts for Toshiba which commenced in 1985. Our French subsidiary, Farnier de Paris, performed exceptionally well and continued its significant growth in profitability. Lintek, our motor cycle spares and accessories distributor, continued to make strong progress and to justify our confidence at the time of its acquisition in September 1985. The Board believes that there is considerable scope for further growth in this exciting area of operation and is actively considering suitable acquisition possibilities. The Directors are satisfied with the continued progress of the Group during the first six months of 1987 and view the prospects for the full year and the longer term future with confidence. 99

Edward Rose,  
Chairman and Chief  
Executive



The principal activities of the group are the manufacture of a wide range of metal and plated products for the transport, domestic, appliance and building industries. Birmingham, Walsall, West Midlands B68 7JP.

## INTERNATIONAL COMPANIES and FINANCE

## Akzo puts consumer division up for sale

BY LAURA RAUM IN AMSTERDAM

AKZO, the Dutch chemicals and fibres group, is believed to be negotiating the sale of its consumer products division to Sara Lee Corporation of Chicago, a leading US consumer goods concern, for about £1.2bn (\$588m).

Akzo said yesterday that no agreement had been reached on a possible sale and that it would take several more months before a final decision was made.

The company, which topped the list of most actively traded stocks on the Amsterdam bourse yesterday, promised to give more details soon.

Sara Lee said it was always in the acquisitions market but refused to comment on the possible purchase of the Dutch activities.

Akzo's consumer products division includes foods such as soups, nuts and sauces sold throughout western Europe under the Temana and Heidelberg brand names, among others.

Personal care products and cleaning agents are also in the division, which account for 9 per cent of Akzo's total revenues. It reported a 13 per cent dip in sales to £1.45bn last year but operating income improved 5 per cent, to £1.91m.

In recent years Akzo has vigorously reshaped its products range toward higher value-added chemicals and fibres, concentrating on the key areas of pharmaceuticals, specialty chemicals, advanced fibres and special coatings.

Last month the Arnhem-based company said the sale of its consumer products division "was not excluded" and that all operations were reviewed with a critical eye toward improvement.

Consumer products may no longer be considered suitable for the company's core activities and the proceeds of a sale might be viewed as filling Akzo's coffers in readiness for acquiring more attractive activities.

## Telefonica rights issue may raise Pta 75bn

By Our Financial Staff

TELEFONICA, the Spanish telecommunications group, is facing a heavy capital investment programme, plans shortly to announce a large rights issue, possibly to raise Pta 75bn (\$615m).

The company said in London yesterday that it would decide on the issue at a board meeting scheduled for September 30. The issue would raise between Pta 55m and Pta 75m and would probably take place in November.

Telefonica, which dominates the house in Spain and is widely listed on foreign stock markets, faces a bill for capital spending of about Pta 1,800bn over the next five years as it pushes ahead with a massive modernisation programme in Spain.

It recently raised \$375m via a share offering on Wall Street. The current rights issue plans are part of a wider financing programme involving bonds and commercial paper issues.

The company, which is 31 per cent owned by the Spanish Government, said the issue was likely to be priced above par. Traditionally, equity offers by Spanish companies are priced below par, a tactic that Telefonica adopted with earlier issues.

Referring to plans for a joint venture in the Soviet Union, Telefonica said it was close to signing a deal which could involve the formation of a telephone equipment plant in central Russia.

If it goes ahead, the venture would be 51 per cent owned by the Soviet state, which would put the equivalent of Pta 1bn into the operation.

Telefonica would not say yesterday whether the Russian plant — if it went ahead — would add much overall cash-flow. However, it was confident of continued profits growth at the group level.

The company made net profits of Pta 45.2bn in 1986 on sales of Pta 465bn.

## Dutch distiller ahead

BOLS, the Dutch drinks group, reported a modest rise in profits for the first half of 1987. Net earnings improved to £1.327m (\$16m) from £1.15m in the opening half of 1986.

## CIC to float offshoots on French regional bourses

BY GEORGE GRAHAM IN PARIS

FRANCE's sixth largest banking group, Credit Industriel et Commercial (CIC), is to reorganise its capital structure in the next few weeks, enabling it to privatise some of its profitable subsidiaries.

CIC, a confederation of regional banks which has been wrestling with problems of structure and identity for the last five years, is expected to float Lyonnaise de Banque and Credit Industriel d'Alsace et Lorraine on the Lyon and Nancy bourses, their respective local stock markets.

The reorganisation will involve simplification of the group's multi-tier capital and the elimination of its several classes of preferred dividend shares, which hamstringing its profit distribution.

The central holding company of the group, Compagnie Financière de CIC, which is 34 per cent owned by the state sector insurance company Group des Assurances Nationales (GAN), has four classes of equity capital, including ordinary shares, two types of shares with pre-

ferential dividend rights, and non-voting preferred certificates of investment.

In addition, the Compagnie Financière owns preferred dividend shares in several of its regional subsidiaries. The reorganisation has to clear up the transfer of profits back to the group from these subsidiaries.

The CIC group was originally a loose network of regional banks which had a common shareholder in the Paris CIC. After nationalisation in 1962, the newly created parent Compagnie Financière took majority stakes in each of the 10 regional banks.

The privatisation of the Compagnie Financière itself is not viewed as an immediate priority.

With 16 per cent of its capital already in the hands of the public—in certificates of investment—and a further 4 per cent held by the Suez group, whose privatisation begins in three weeks, it requires only the privatisation of GAN, with its 34 per cent

stake, to bring the majority of the group's capital into the private sector.

Lyonnaise de Banque and Credit Industriel d'Alsace et Lorraine are among the group's most profitable components, with earnings of FF 112m (\$18.5m) and FF 100m respectively in 1986.

Lyonnaise de Banque has itself been one of the most active supporters of the Lyon Stock Exchange, specialising in helping companies to the second market.

Other less profitable subsidiaries, such as Societe Bordelaise de CIC, would be unlikely to be early candidates for privatisation.

The Government has already carried out one regional privatisation with the heavily over-subscribed flotation of Sogefal, the Alsatian subsidiary of the Societe Generale bank, on the Nancy Stock Exchange.

The CIC group as a whole made net consolidated profits, excluding minorities, of FF 996m last year, up 40 per cent from the previous year.

## Pirelli SpA profits climb 24%

BY ALAN FRIEDMAN IN MILAN

PIRELLI SpA, the Italian holding company that controls 43 per cent of the Pirelli tyre and cable group, yesterday unveiled a 24 per cent increase in net profit, to £62.7bn (\$48m) for the year ended June.

Pirelli plans unchanged dividends of £100 per ordinary share and £120 per savings share. The company is also planning a one-for-10 scrip issue.

The company limited comment on progress so far this year to a statement that

both sales and profits were "improved."

It said negotiations were progressing with Armtech Corporation, of the US, for the acquisition of 50 per cent of shares for Armstrong Tire of New Haven, Connecticut.

Pirelli hopes to conclude the talks over Armstrong—which had sales of \$478m in 1986—by the end of the year.

Aside from Pirelli SpA, the group's structure consists of Societe Internationale Pirelli,

based in Basle, which has another 43 per cent of the group's tyre and cable companies, operating 130 factories in 16 countries.

Pirelli Societe Generale, also based in Basle, holds the remaining 14 per cent of the Pirelli group. The group has 68,000 employees.

For the whole of last year Pirelli announced an "aggregate" net profit of \$141m, an increase of 39 per cent on 1985. Sales last year totalled \$4.7bn, up from \$3.7bn the year before.

## MAN income up on higher turnover

BY HAIG SIMONIAN IN FRANKFURT

MAN, West Germany's biggest mechanical engineering group, has raised group net profits by 5 per cent to about DM 130m (\$72m). The group plans to pay a maintained DM 5.50 dividend.

According to preliminary figures, which are more optimistic than suggested when MAN reported its first-half results,

group turnover for the year ended June rose to DM 14.5bn, against DM 14.1bn.

In contrast to many other big German heavy industrial groups, MAN's foreign turnover rose substantially while domestic sales declined.

Home sales fell 10 per cent to DM 6.9bn against DM 7.6bn last year, while exports soared

22 per cent, to DM 7.9bn against DM 6.5bn in 1986-87. Exports now account for 54 per cent of group sales, compared with 46.2 per cent last year.

However, MAN said its turnover this year was lifted by allowances for some older plant orders and by the continuing healthy demand for heavy vehicles.

COMMUNAUTE  
URBAINE  
DE MONTRÉALCommunauté urbaine de Montréal  
(Montreal Urban Community)  
(Canada)

US\$150,000,000

Floating Rate Notes due 1991

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months from September 18th, 1987 to March 18th, 1988 the Notes will bear interest at the rate of 8 1/4% per annum. The interest payable on the relevant Interest Payment Date, March 18th, 1988 against Coupon No. 8 will be US\$410.76 per US\$10,000 Nominal.

Agent Bank

ORION ROYAL BANK LIMITED  
A member of The Royal Bank of Canada Groupthe  
Leeds  
PERMANENT  
BUILDING SOCIETY

£200,000,000

Floating Rate Notes 1996

Interest Rate	10.1875% per annum
Interest Period	18th September 1987 to 18th December 1987

Interest Amount per £10,000 Note due 18th December 1987	£ 253.59
Interest Amount per £100,000 Note due 18th December 1987	£2539.80

Barings Brothers & Co., Limited  
Agent Bank

Weekly net asset value

Tokyo Pacific Holdings (Seaboard) N.V.  
on 14.9.87 US \$142.12

Listed on the Amsterdam Stock Exchange

Information: Pierson, Hekking & Pierson N.V.,  
Herengracht 214, 1018 BS Amsterdam.

Aga AB

has acquired

Maatschappij Rommenholler N.V.

Morgan Guaranty, subsidiary of  
J. P. Morgan & Co., acted as financial advisor  
to Aga AB in this transaction

JPMorgan

Aga AB

has sold

Weweler B.V.

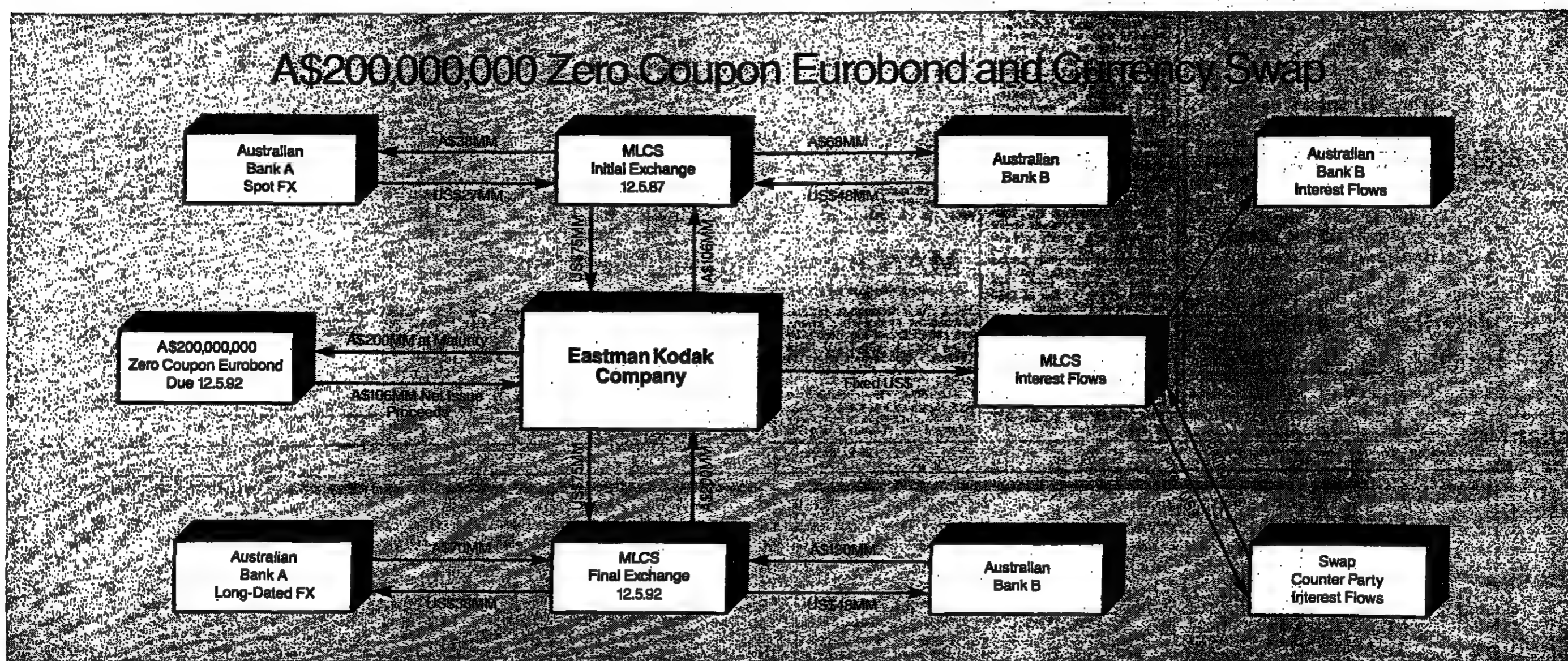
to an investor group including its management

Morgan Guaranty, subsidiary of  
J. P. Morgan & Co., acted as financial advisor  
to Aga AB in this transaction

JPMorgan

# Harness the power

of a team of investment bankers who use the complex and constantly evolving swap markets to solve the diverse needs of its clients. For example, Merrill Lynch mobilized its worldwide resources to arrange a creative transaction for Eastman Kodak Company by underwriting and swapping an Australian dollar zero coupon eurobond to produce attractive dollar funding.



Merrill Lynch has the resources, the expertise and the execution capabilities to construct innovative solutions for the most specialized needs. With a team of dedicated professionals around the world, we can help our clients take advantage of the many opportunities

# in interest rate and currency swaps.



**Merrill Lynch**

## INTERNATIONAL CAPITAL MARKETS and COMPANIES

## Issuers concentrate on 'retail' currencies

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE US DOLLAR bond market hovered precariously about its recent lows yesterday, as sentiment continued to be depressed.

In subdued trading, the benchmark 30-year Treasury bond bounced off what is proving to be an important technical support point. That point, dealers say, is at a price of 91 1/2, representing a yield of about 9.75 per cent and a 90 per cent retrocession of the big bond market rally between 1984 and 1986.

The market slippage pushed the \$1bn, three year deal for Italy, launched on Monday, to an even deeper discount than its 1 1/2 per cent fee. Dealers said it dropped at one stage to less 1.75 per cent bid, before gaining a little at the close to less 1.65 per cent.

There was no substantial increase, however, of the 80 basis point margin over the three year US Treasury bond, at which the issue was launched, implying that lead managers Credit Suisse First Boston had managed to keep good control of the issue.

However, despite being billed as an issue which would be easily tradable, some dealers remarked that there was little evidence of that yesterday.

The yen market continued weak after New York's retreat on Tuesday, while the D-Mark also retreated. Foreign bonds fell by an average of 10 per cent while domestic bonds fell by up to 80 basis points, reflecting sentiment in New York.

Much of the new issue activity was centred on so-called retail currencies, meant to be attractive to individual investors in Europe.

The largest was an Ecu 100m issue for Eurotina, the top-rated Swiss-based European rolling stock concern. Led by Credit Commercial de France, the five-year bonds carried an 8 1/2 per cent coupon and a price of 101.5.

## INTERNATIONAL BONDS

Although the general background tone to European bond markets was not strong, the lead managers reported some interest from Japanese investors.

Swaps into floating rate dollars provided opportunities for two New Zealand dollar deals. The first issue, of NZ\$50m for George Brunelles, carried a 17 1/2 per cent coupon and a price of 101 1/2 and was led by Banque Paribas Capital Markets. The issue was quoted outside fees for a time.

An inverse yield curve in New Zealand interest rates allowed a two-year, NZ\$60m deal for Denmark to carry higher coupon, of 17 1/2 per cent. Led by Mitsui Bussan Kaisha, it was priced at 101 1/2. The manager was bidding the issue at a price equivalent to the 1 1/2 per cent fee discount.

Australian dollar bonds performed strongly after the Australian budget, but there was some feeling in Europe that the rally in the domestic bond market had been overdone.

This rally might inhibit new Australian dollar issues, because it would imply a coupon below 13 per cent, which is not much of a premium over those prevailing in the Canadian market.

In D-marks, Oesterreichische Kontrollbank launched an Austrian state guaranteed five-year issue of DM 200m through Deutsche Bank. Thought by some to be somewhat aggressively priced, it carried a 5 1/2 per cent coupon and a price of 100 1/2.

Nippon Credit International launched a \$150m issue for its parent, Nippon Credit Bank, \$50m of which would be sold into Asia under the leadership of Nippon Credit (Hong Kong).

The 15-year bond carries an indicated 1 1/2 per cent coupon. Sanwa International repackaged \$65.35m of Sanwa Bank guaranteed floating rate notes into \$50m of floating rate notes. The sole-purpose vehicle was given the name Flash 1, and carried a margin over London interbank offered rates of 91 basis points and a price of 100 1/2.

Yamachi International withdrew a proposed \$35m equity warrants issue for Nippon Credit. The share price had been too volatile, fluctuating at an extraordinary 80 per cent this month alone.

BRAZIL'S PROPOSAL to convert half its \$800m debt to banknotes, ruled out of court last week by Mr James Baker, the US Treasury Secretary, is the biggest example yet of a troubled debtor seeking to benefit from the steeply discounted prices in the secondary market for Third World loans.

Borrowers dealing with creditor banks and governments are expected to service them fully, paying interest on the full value of the debt. But they see banks themselves effectively treating them as worth less than full value by trading in them at well below the face amount. Brazil's trades at 55 per cent of face value.

Finance ministers who deal with creditors along conventional lines, negotiating rescheduling packages typically involving agreements with the International Monetary Fund and reschedulings and loans at interest margins above money market rates, are finding this approach increasingly unacceptable at home.

The handling of the debt problem played an important role in the recent electoral setback of President Raul Alfonsin in Argentina, as well as in yesterday's departure of Mr Jaime Guzman as the Philippines' Finance Minister. Domestic opposition has so far prevented any rapprochement between Brazil and the IMF.

Hence the desire to "escape" from the government's range of proposals which have come from several debtor countries.

Some proposals, like Brazil's, involve securitisation. What all the ideas have in common is that they reduce the debt service burden on borrowers through differing degrees of

debt forgiveness which, whether deliberately or not, would force participating banks to realise losses.

Banks will continue to object to forced securitisation. They argue that securitisation by itself solves nothing, especially if it does not involve the introduction of a World Bank or other guarantee. It should be designed to create a genuine market in which investors other than existing creditor banks can participate, they say.

The concept is likely to be discussed closely at the annual meetings of the IMF and World Bank later this month, with Mr Kiuchi Miyazawa, Japan's endorsing conversion schemes as a means of easing debt burdens on the grounds that the debt problem had deteriorated since the debt conversion scheme was tried.

Two main methods of converting debt have so far been tried. The first is debt-to-equity swaps, in which banks sell their stock at the discounted price but received in return close to

the full value in local currency for equity investments in the debtor country. Some \$60m face value of debt has so far been converted, of which more than a third was in Chile.

Borrower countries are concerned about the economic effects of such swaps, which could inflate domestic money supply. Swaps may also appear as a cut-price investment route. The second method is bonds issued as part of the "menu of options" approach, designed to include alternative financing means.

Argentina's recent deal included two types of bonds: "new money" bonds in which banks could put up \$1m each of the new \$1.95bn loan requirement in the form of bonds carrying the same terms as the loan; and "exit" bonds, 25-year, 4 per cent bonds which would excuse accepting banks from involvement in future packages.

Though the first was taken up quite enthusiastically, exit bonds were not. Very few banks were persuaded to take time,

with the remainder apparently declining that it was more attractive to hang on to their existing loans.

Brazil's initial proposal for long-term, low interest bonds was specifically designed to take account of the discount, though not fully accepted by banks' argument that the second method, which is extremely thin, exaggerates the deterioration of loans' value.

Brazil's agreement to make its securitisation proposal voluntary effectively makes its plan very similar to the Argentine exit bonds, though Brazilian officials have acknowledged the need to make them more attractive to banks.

Another suggestion for capturing the discount has come from Mexico, which is flush with funds after winning a \$7bn loan from banks earlier this year and benefiting from a rising oil price and a return of flight capital.

Mexico talked of using some of its \$15bn reserves to buy back loans on the secondary

market—thus reducing both the outstanding principal and the interest burden. Bolivia also has a buy-back scheme in progress though it is viewed as a special case.

This potential use of foreign exchange reserves is politically sensitive in Mexico. It also poses thorny problems for banks, since buy-backs from individual banks would break the sharing clauses of loans which stipulate that money available to creditors should be shared out among them all.

Leading bank creditors feel the country should instead reward banks which have continued to lend to the country, by not fully drawing down the \$7bn loan.

The discounted prices, and the growing desire of debtors to benefit from them, challenge the bank's premise that the conventional handling of the debt crisis was designed to restore borrowers' access to the capital markets.

Colombia, which has not rescheduled its debt, is currently seeking a \$1.05bn loan from banks, though its debt changes hands among banks at some 80 per cent of face value. Though this discount is considerably less than most other Latin American debtors', it is paying a higher spread at 1 1/2 percentage points than the 1 1/4 of Mexico and Argentina.

Like other governments, that of Colombia is under pressure at home to take a tougher line with the banks. Finance Minister Mr Luis Fernando Alarcon said yesterday that Colombia still intended to preserve good relations with banks, but would keep a close watch on margins being gained by other borrowers.

Alexander Nicoll and Stephen Fidler on the securitisation of Third World debt  
Finance ministers in search of a discount

## Colombia to allow debt swaps

COLOMBIA IS planning a debt-to-equity swap which would allow creditors to convert their loans to certain nationalised banks into equity, Mr Luis Fernando Alarcon, the country's Finance Minister, said yesterday.

Mr Alarcon, in London as head of a delegation to support its attempts to secure a \$1.05bn loan from international banks, said the country had no plans for a formal debt-to-equity programme. But legislation to

allow foreign creditors to use debt-to-equity swaps in the banking sector should be passed this year.

The four banks primarily concerned include Banco de Colombia, once the country's largest commercial bank, and was taken over in the 1985 Colombian banking crisis. The government's aim is to privatise the banks and inject new capital.

The \$1.05bn in new loans include a \$350m borrowing for the state coal company Carbocel and the \$200m bank

portion of a World Bank co-financing for Cienega Electrica Nacional, the public utility. A facility fee of 1 per cent, a drawing fee of 1 per cent, and an interest rate of 1 1/2 over London interbank offered rates is payable on the financing. The loans are repayable over 10 1/2 years with 5 1/2 years' grace.

Mr Alarcon said he hoped the agreement would be signed in November, clearing the way for a partial drawdown of funds before the year end.

## August bond issues show sharp decline

BY OUR EUROMARKETS STAFF

THE POOR condition of international bond markets during August was underlined yesterday by figures from the Organisation for Economic Co-operation and Development showing that bond issues totalled only \$14.4bn last month, 80 per cent below the total in the same month of 1986 and down from \$30.5bn in July.

The issuance of straight bonds at \$7.1bn was the lowest since September 1985, the Paris-based organisation said, and the \$1bn of floating rate notes consisted almost entirely of bonds repackaging outstanding issues. Equity-linked issues, however, continued to flow and are running at an annual rate of \$46bn so far this year compared with \$23.5bn in 1986.

Total borrowing on international capital markets was \$18.5bn, \$10.2bn below July and \$3.5bn less than August 1986. Though the syndicated loan volume at \$3.5bn was low, the OECD said a number of large loans were being syndicated which should boost volumes in months ahead.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on September 16

ISIN	Issue	Yield	Price	Change
US GOVERNMENT				
108101	108101	9.75	101 1/2	+1/4
108102	108102	9.75	101 1/2	+1/4
108103	108103	9.75	101 1/2	+1/4
108104	108104	9.75	101 1/2	+1/4
108105	108105	9.75	101 1/2	+1/4
108106	108106	9.75	101 1/2	+1/4
108107	108107	9.75	101 1/2	+1/4
108108	108108	9.75	101 1/2	+1/4
108109	108109	9.75	101 1/2	+1/4
108110	108110	9.75	101 1/2	+1/4
108111	108111	9.75	101 1/2	+1/4
108112	108112	9.75	101 1/2	+1/4
108113	108113	9.75	101 1/2	+1/4
108114	108114	9.75	101 1/2	+1/4
108115	108115	9.75	101 1/2	+1/4
108116	108116	9.75	101 1/2	+1/4
108117	108117	9.75	101 1/2	+1/4
108118	108118	9.75	101 1/2	+1/4
108119	108119	9.75	101 1/2	+1/4
108120	108120	9.75	101 1/2	+1/4
108121	108121	9.75	101 1/2	+1/4
108122	108122	9.75	101 1/2	+1/4
108123	108123	9.75	101 1/2	+1/4
108124	108124	9.75	101 1/2	+1/4
108125	108125	9.75	101 1/2	+1/4
108126	108126	9.75	101 1/2	+1/4
108127	108127	9.75	101 1/2	+1/4
108128	108128	9.75	101 1/2	+1/4
108129	108129	9.75	101 1/2	+1/4
108130	108130	9.75	101 1/2	+1/4
108131	108131	9.75	101 1/2	+1/4
108132	108132	9.75	101 1/2	+1/4
108133	108133	9.75	101 1/2	+1/4
108134	108134	9.75	101 1/2	+1/4
108135	108135	9.75	101 1/2	+1/4
108136	108136	9.75	101 1/2	+1/4
108137	108137	9.75	101 1/2	+1/4
108138	108138	9.75	101 1/2	+1/4
108139	108139	9.75	101 1/2	+1/4
108140	108140	9.75	101 1/2	+1/4
108141	108141	9.75	101 1/2	+1/4
108142	108142	9.75	101 1/2	+1/4
108143	108143	9.75	101 1/2	+1/4
108144	108144	9.75	101 1/2	+1/4
108145	108145	9.75	101 1/2	+1/4
108146	108146	9.75	101 1/2	+1/4
108147	108147	9.75	101 1/2	+1/4
108148	108148	9.75	101 1/2	+1/4
108149	108149	9.75	101 1/2	+1/4
108150	108150	9.75	101 1/2	+1/4
108151	108151	9.75	101 1/2	+1/4
108152	108152	9.75	101 1/2	+1/4
108153	108153	9.75	101 1/2	+1/4
108154	108154	9.75	101 1/2	+1/4
108155	108155	9.75	101 1/2	+1/4
108156	108156	9.75	101 1/2	+1/4
108157	108157	9.75	101 1/2	+1/4
108158	108158	9.75	101 1/2	+1/4
108159	108159	9.75	101 1/2	+1/4
108160	108160	9.75	101 1/2	+1/4
108161	108161	9.75	101 1/2	+1/4
108162	108162	9.75	101 1/2	+1/4
108163	108163	9.75	101 1/2	+1/4
108164	108164	9.75	101 1/2	+1/4
108165	108165	9.75	101 1/2	+1/4
108166	108166	9.75	101 1/2	+1/4
108167	108167	9.75	101 1/2	+1/4
108168	108168	9.75	101 1/2	+1/4
108169	108169	9.75	101 1/2	+1/4
108170	108170	9.75	101 1/2	+1/4
108171	108171	9.75	101 1/2	+1/4
108172	108172	9.75	101 1/2	+1/4
108173	108173	9.75	101 1/2	+1/4
108174	108174	9.75	101 1/2	+1/4
108175	108175	9.75	101 1/2	+1/4
108176	108176	9.75	101 1/2	+1/4
108177	108177	9.75	101 1/2	+1/4
108178	108178	9.75	101 1/2	+1/4
108179	108179	9.75	101 1/2	+1/4
108180	108180	9.75	101 1/2	+1/4
108181	108181	9.75	101 1/2	+1/4
108182	108182	9.75	101 1/2	+1/4
108183	108183	9.75	101 1/2	+1/4
108184	108184	9.75	101 1/2	+1/4
108185	108185	9.75	101 1/2	+1/4
108186	108186	9.75	101 1/2	+1/4
108187	108187	9.75	101 1/2	+1/4
108188	108188	9.75	101 1/2	+1/4
108189	108189	9.75	101 1/2	+1/4
108190	108190	9.75	101 1/2	+1/4
108191	108191	9.75	101 1/2	+1/4
108192	108192	9.75	101 1/2	+1/4
108193	108193	9.75	101 1/2	+1/4
108194	108194	9.75	101 1/2	+1/4
108195	108195	9.75	101 1/2	+1/4
108196	108196	9.75	101 1/2	+1/4
108197	108197	9.75	101 1/2	+1/4
108198	108198	9.75	101 1/2	+1/4
108199	108199	9.75	101 1/2	+1/4
108200	108200	9.75	101 1/2	+1/4

ISIN	Issue	Yield	Price	Change
US GOVERNMENT				
108201	108201	9.75	101 1/2	+1/4
108202	108202	9.75	101 1/2	+1/4
108203	108203	9.75	101 1/2	+1/4
108204	108204	9.75	101 1/2	+1/4
108205	108205	9.75	101 1/2	+1/4
108206	108206	9.75	101 1/2	+1/4
108207	108207	9.75	101 1/2	+1/4
108208	108208	9.75	101 1/2	+1/4
108209	108209	9.75	101 1/2	+1/4
108210	108210	9.75	101 1/2	+1/4
108211	108211	9.75	101 1/2	+1/4
108212	108212	9.75	101 1/2	+1/4
108213	108213	9.75	101 1/2	+1/4
108214	108214	9.75	101 1/2	+1/4
108215	108215	9.75	101 1/2	+1/4
108216	108216	9.75	101 1/2	+1/4
108217	108217	9.75	101 1/2	+1/4
108218	108218	9.75	101 1/2	+1/4
108219	108219	9.75	101 1/2	+1/4
108220	108220	9.75	101 1/2	+1/4
108221	108221	9.75	101 1/2	+1/4
108222	108222	9.75	101 1/2	+1/4
108223	108223	9.75	101 1/2	+1/4
108224	108224	9.75	101 1/2	+1/4
108225	108225	9.75	101 1/2	+1/4
108226	108226	9.75	101 1/2	+1/4
108227	108227	9.75	101 1/2	+1/4
108228	108228	9.75	101 1/2	+1/4
108229	108229	9.75	101 1/2	+1/4
108230	108230	9.75	101 1/2	+1/4

## UK COMPANY NEWS

## Coats Viyella surges to £81m with margins up

IMPROVED margins are reflected in the 25 per cent increase from £55m to £81m in pre-tax profits of Coats Viyella, the textiles group, for the half year to end June. Turnover for the period fell slightly from £827.3m to £815.1m.

The directors said that for the year as a whole planned capital expenditure would be around £100m as the group continued to invest in new plant and technology in its businesses around the world. Already benefits from this were in evidence in the form of improved margins while better performance in certain hitherto difficult areas would further enhance profits. Further benefits had still to be seen from the merging of Vantona and Coats Patons groups.

They said that the present and anticipated generation of

a healthy positive cash flow would permit flexibility with regard to acquisitions in certain key areas both in the UK and abroad. No gearing was anticipated by the year end.

Affecting the second half will be the disposal of the group's 54 per cent interest in Bonds Coats Patons, Australia. After the buy-back of 100 per cent of the share and handovering divisions of that company, £35m net cash had been released which would give rise to an extraordinary gain in excess of £20m. The deal would also enable generation of higher attributable earnings for the group from its Australian activities. Handovering profits of the group generally were down last year but the group maintained its share of the market.

The offer for Youghal Carpets had been declared un-

conditional but no contribution was anticipated for 1987. The group's interest in Consoltech Canada had increased from 40.7 per cent to just over 50 per cent and consequently results for the second half would be consolidated rather than treated as a related company.

Operating profit in the first six months was £78.4m (£68.5m); net interest payable and investment income amounted to £1.9m (£6.7m) while the share of profit of related companies came to £4.5m (£3.2m). Tax took £22.7m (£19.0m) and minorities £3.8m (£3.7m) leaving standing earnings per 20p ordinary of 10.4p (8p). There were no extraordinary items this time (£14.9m). The interim dividend is increased from an adjusted 2.5p to 2.7p.

See Lex

## UB wins US soft-cookie war and advances profits to £59m

BY CLAY HARRIS

UNITED BISCUITS, the food and restaurant group, will today seal its victory in the US soft-cookie war with the purchase, at a knock-down price, of a factory owned by its leading rival in the sector, Keebler, US's biscuit and snacks subsidiary in the US, to pay about \$18m (£11m) for the plant at Jackson, Tennessee. The deal includes machinery which has not been created or even delivered from suppliers. The assets are estimated to have a total value of \$150m.

Procter had announced in June that its Duncan Hines subsidiary would retreat from the sector, in which Keebler's Soft Batch brand is now the firm leader with one-third of US sales.

"The cookie war is over," Sir Hector Laing, chairman, declared yesterday as UB reported pre-tax profits of £59m in the 26 weeks to July 18, a 24 per cent increase over the £47.6m achieved in the comparable period of 1986.

Turnover rose by 4 per cent to £997.7m. Improvements in market share and profits were clouded only by a dive into loss by Pizzaland, the UK restaurant chain, and a decline at Speciality Brands, the US spices, salad dressing and olives company.

By division, UB Foods Europe increased operating profits by 35 per cent to £43.8m on sales 4 per cent higher at £499.8m; restaurants' profits fell

17 per cent to £2m on turnover the same percentage higher at £66.2m; UB Foods US increased profits by 6 per cent to £22.5m on sales 2 per cent ahead at £403.3m; and other companies increased both profits and turnover by 7 per cent to £15.5m and £58.9m respectively.

In Britain, UB claimed 44.5 per cent of biscuit sales, nearly 1 percentage point higher than last year, and lifted profit by nearly a quarter. Its share of the branded market rose to 49.7 per cent.

KP Foods, the snacks and peanuts subsidiary, also made strong advances in market share and profits.

Pizzaland's fall from a £1.2m profit to a £700,000 loss more than offset a 76 per cent improvement to £3m at Wimpy. Although Pizzaland sales rose by 14 per cent, the chain has undergone a management shake-up and investment programme under Mr Ian Petrie, who led the revival at Wimpy. The full-year result, nevertheless, is unlikely to exceed the £5.5m profit achieved in 1986.

Keebler's success was not limited to soft cookies, as it increased its share of the total US biscuit and snacks market. Operating profit rose by 13 per cent to £17.9m.

This was undermined, however, by the increased competition faced by Speciality Brands and by the weakness of the dollar, which reduced the total US contribution by £1.5m. Although UB was seeking

acquisitions, especially in the US, Sir Hector said that the group was unlikely to pay the current asking prices which implied p/e ratios of 30 to 25.

Interest costs fell to \$8m (£6.3m). The tax charge of £30.2m (£15.7m) was at a slightly higher rate than in 1986. With earnings per share ahead by 23 per cent to 9.5p (7.7p), the interim dividend is to rise by 14 per cent to 4p (3.5p).

#### comment

A 12-year bull market is not the best context in which to consider the merits of such an archetypal defensive stock, but UB's relative trend of sideways to down against the FT All Share cannot be explained away that easily. It has simply not been able to get all cylinders to fire at once—a serious problem in markets where progress is achieved slowly but bad news can create holes overnight. Only in UK biscuits and snacks is UB assured of unchallenged leadership in every sense of the word. As General Keebler sits down to accept close-to-unconditional surrender (after the bitter Dunkirk of 1984-85), new problems dare up elsewhere. The future of Speciality Brands must be under the closest scrutiny. As Sir Hector aims to achieve £150m pre-tax in the full year. With the shares down 4p to 318p, the prospective p/e approaches 14—in line with realistic expectations.

## Woolworth at lower end of forecasts

WOOLWORTH HOLDINGS yesterday announced interim pre-tax profits, excluding property disposals, of £27m. The figure, 24 per cent up on last year's £22m, was at the lower end of analysts' expectations.

Mr Geoffrey Mulcahy, chief executive, also said the company was considering a change of name, although no decision had been made. He continued his refusal to comment on speculation that the group is considering a bid for the Storehouse group.

The group's star performer in the six months to August 1 was B and Q, the DIY retailer which lifted retail profits by 30 per cent to £27m. But Woolworth said that all divisions of the group increased market share.

Growth in earnings per share, up from 4.3p to 5p, was depressed by the release of property disposal surpluses which contributed £3m in the first half of 1986. Without the property contribution the 1986 earnings would have been 4p.

Retail profits rose 77 per cent from £15.5m to £27.4m on turnover up from £814.6m to £892.6m. Property income was £19.7m (£24.5m) and interest charges were £16.5m (£15.1m).

Mr Mulcahy said that B and Q, where sales advanced from £250.6m to £267.1m, had added 1m sq ft of extra space but there had been substantial growth of sales in existing outlets. Market share had risen by a percentage point.

F. W. Woolworth cut losses from £5.6m to £2.2m on sales of £372.5m (£426m). It lost £250m in sales from the withdrawal from food and clothing but maintained sales per sq ft partly through gains in several key focus areas. Toy sales rose 66 per cent, entertainment sales 100 per cent, and children's clothes sales by 38 per cent.

Comet, electrical retailer, increased market share from 6 to 7 per cent. It achieved profits of £2.3m (£3.2m) on sales of £147.3m (£139m). The Superstore, bought earlier this year, contributed three-month profits of £3.4m as sales of £57m. The rate of store growth has been accelerated with 60 planned for this year, 48 in the second half. The Superstore, which opened 690,000 sq ft of retail space and this pace of expansion is expected to continue. Mr Mulcahy said the aim was to make the property portfolio more active and increasing profits and sales. The group's strategy lifted the dividend from 2.5p to 3p. The tax charge was £7.5m (£6m).

#### comment

The market seemed unsure how to react to these figures yesterday, first marking the shares down 9p, then lifting them to 336p, a 1p rise on the day. Part of the problem was judging the old F. W. Woolworth because of the ending of food and clothing sales and the increasing importance of second half sales. The "food" strategy is clearly going well in some products but the management gave no figures for the homes/gardens and looks (toiletries and cosmetics) lines, both of which are to be relaunched. While growth at B & Q continues at a hectic pace and Superdrug looks good value. At Comet the move upmarket is paying off in improved margins but the company now has to develop a policy of diversifying away from low-making public sector contracts in the North-West.

They follow the £12m acquisition of Emery (Hales-owen), the West Midlands property developer in February. "The acquisitions will provide the foundation for the future development of Warringtons," said Mr Graeme Jackson, chairman, who joined the board last summer and introduced a new management team earlier this year.

All public sector contracts will be completed by November.

## David Lascelles on Crownx's move in the Mercantile House saga Creating a thorny takeover issue

YESTERDAY'S dramatic intervention by Crownx in the takeover of Mercantile House by B&C threatens to transform it into one of the most complicated deals seen in the City of London for some time—always assuming it can go ahead. The offer is highly controversial and raises key points under the Takeover Code which will have to be decided today.

The basic aim of Crownx is relatively simple: it wants to buy Marshalls and William Street, the two broking units of Mercantile House which B&C does not want. But to achieve that aim Crownx will have to persuade the Takeover Panel that its tactics are acceptable. Then it must succeed in winning support from Mercantile shareholders at a meeting next Monday.

Shortly after B&C announced its £45m bid for Mercantile House in July, Mr John Gunn, its chief executive, agreed to sell the broking units to Quadrex, the financial services firm owned by Mr Gary Klesch. However, the deal was conditional on Mercantile House shareholders approving the sale of the units before the takeover was consummated. The managers of the units, Mr Michael Warren, Marshalls and Mr Vincent Grifo of William Street in New York, did not want to be bought by Mr Klesch, and have been seeking alternatives.

Crownx, which is a Canadian health-care and financial services company with ambitions to get into the global markets, bought 14.9 per cent of Mercantile House last January, but stood on the sidelines in the early part of the bid. When the B&C-Quadrex deal was announced, Mr Warren and Mr Grifo urged Crownx to consider making some kind of counter-offer. This is the offer which has now emerged. But in order to get into the game at this late stage, Crownx is having to use some highly unusual tactics.

Advised by its merchant bankers, Kleinwort Benson, it is offering the same amount for



John Gunn (left), chief executive of B&C, and Gary Klesch, chairman of Quadrex.

the two units as Mr Klesch — £280m in cash. But in order to encourage the shareholders to approve their deal rather than Mr Klesch's, they are also offering to pay shareholders 10p for every share they own.

The vote on the sale of the units is due to take place on Monday, so Crownx have only a minimal number of working days to get its message across, though Mercantile could always adjourn the meeting.

If the shareholders approve Crownx's offer, then Mercantile will sell the units directly to Crownx, and the B&C agreement with Quadrex will lapse.

B&C will take Mercantile over, complete with the £280m sale proceeds. If the shareholders do not, then B&C will proceed, as planned, to take over Mercantile House and sell the units direct to Quadrex.

Insofar as Mercantile's shareholders are concerned, the advantage of approving the Crownx deal is that they get 10p for each of their shares, in addition to the 57p being paid by B&C. The choice is largely a matter of indifference to B&C which owns 14.9 per cent of Mercantile, because it will either receive the proceeds of the sales from Mercantile after

the takeover, or by selling them directly itself. The only advantage is that B&C would also qualify for the 10p a share payment if the sale to Crownx goes through.

This all assumes, of course, that Crownx will be allowed to proceed with its offer. And Mr Klesch and his advisers, Samuel Montagu, were arguing fiercely yesterday that it must be stopped. Words like "grotesque" and "travesty" were being tossed about.

The issue is whether the kind of "sweetener" used by Crownx is an acceptable tactic for a counter-bidder.

Crownx could have simply offered a higher price for Mercantile's shares, but it wanted to outbid Mr Klesch. But that would have meant that B&C would have ended up with even more cash, while the shareholders got nothing extra. Mr Bob Deyell, director of Crownx, said: "We wanted to be able to do something for the shareholders." So Crownx is effectively distributing the money that would have gone into a higher bid in the form of a pay-out to each shareholder.

The Klesch camp sees it quite differently. To them, the 10p is quite simply a bribe to get shareholders to accept Crownx's offer and turn down a deal which has already been approved by Mercantile's board on the advice of S. G. Warburton, its financial adviser. Mr Clive Chalk of Samuel Montagu said there would be "absolute mayhem" in the takeover market if this sort of tactic were permitted.

Technically, Montagu was trying to claim a breach of Rule 16 of the Takeover Code which forbids offers from making so-called "sweetheart" deals with selected shareholders of the offereed company, specially in cases where a shareholder intends to buy part of a company that is being taken over. But the issue is clearly a major one, and it seemed certain last night that there will be a rumour whichever way the Panel decides.

## Warringtons in property deals and £3.8m cash call

BY DAVID WALLER

Warringtons — the building contractor formerly known as Thomas Warrington — yesterday continued its process of transformation with the announcement of three acquisitions, a one-for-one rights issue and the disposal of certain property assets.

At the same time, the company announced a pre-tax loss of £855,000 for the six months to the end of June — but predicted that it would break into profit in the second half before taking into account redundancy costs.

Warringtons is to pay a total of £2.65m in cash and shares for two separate property portfolios, the Heysham industrial estate in Lancashire and a freehold block in Gibraltar, and for the Lister group of four private companies based in Kent.

The rights issue will raise £3.8m before expenses, and the company's equity will in total more than double. The property disposals will raise £1.5m which will be used to reduce the company's borrowings.

These deals will increase the company's exposure to property development and investment, in line with the new management's stated policy of diversifying away from low-making public sector contracts in the North-West.

They follow the £12m acquisition of Emery (Hales-owen), the West Midlands property developer in February. "The acquisitions will provide the foundation for the future development of Warringtons," said Mr Graeme Jackson, chairman, who joined the board last summer and introduced a new management team earlier this year.

All public sector contracts will be completed by November.

## Cost of raw materials hits Kalon in first half

BY DAVID WALLER

A NEAR 5m drop in pre-tax profits at Kalon Group, Basingstoke-based paint manufacturer, was blamed, in the main, on increasing raw material costs. These were not covered by price increases in the same period, the directors said.

Pre-tax profits were down from £1.5m to £66,000 in the six months to June 30 1987. Group turnover rose, from £37.2m to £42.5m, with the UK content increasing from £32.0m to £36.8m.

Mr L. H. Silver, the chairman, said he expected the group to continue to fall short of last year's performance when pre-tax profits amounted to £4.92m (£2.78m). However, he believed the action taken would establish a trend of improvement which would flow through into 1988.

The board intended to recommend an appropriate final dividend in the light of the group's full year results. In the meantime no interim dividend is being paid compared with 0.46p net last year. Stated earnings per 15p share fell from 0.86p to 0.31p.

Since the annual meeting, Mr James McDonald has been appointed a director in addition to Mr Douglas Pryn (group financial director) and Mr Mike Hennessy. It is intended to further strengthen the board by the appointment of a non-executive director.

## McLaughlin &amp; Harvey rises

McLaughlin & Harvey, Northern Ireland-based USM-quoted builder and civil engineer, reported pre-tax profits up from £314,000 to £675,000 in first half of 1987. However, the company made a provision of £295,000 on a full-year trading loss in the Irish Republic in 1986.

An extraordinary charge of £273,000 related to a High Court judgment. After tax of £218,000 (£130,000) earnings per 25p ordinary share rose from 4.6p to 11.2p. The directors declared an improved interim dividend of 2.5p (2p).

This announcement appears on a number of record only.

## Western Heritable Investment Company with Central and City

£50,000,000

Medium Term Revolving Development Facility

arranged and syndicated by

Woolgate Property Finance Limited

Funds provided by  
Bank of Ireland

Bank of Scotland  
Credit Lyonnais

Bankers Trust  
Creditanstalt  
Bankverein

Agent  
BANK OF IRELAND

## Matthew Hall

## Interim Report

## SUMMARY OF GROUP RESULTS

	6 months to 30 June 87	30 June 86	Year to 31 Dec 86
Turnover	235,607	248,106	503,536
Trading profit			
Mechanical and electrical	2,271	1,802	6,683
Oil, gas and chemical	2,422	1,909	6,782
Design and construction	517	166	1,281
Mining and minerals	258	532	904
	5,468	4,408	15,600
Interest receivable (net)	658	1,348	2,415
Profit before tax	6,126	5,753	18,015
Per share: Earnings	5.28p	4.62p	15.57p
Dividends	1.875p	1.75p	5.28p

- \* First interim results on a 6-monthly basis.
- \* Earnings per share up 15%.
- \* Increased interim dividend.
- \* Higher workloads in Mechanical and Electrical Sector.
- \* Improved outlook and opportunities off-shore for Oil, Gas and Chemical Sector.

Copies of the full Interim Report may be obtained from The Secretary, Matthew Hall PLC, Matthew Hall House, 7 Baker Street, London W1M 1AB Telephone: 01-335 3384 Telex: 281441

INTERNATIONAL ENGINEERING DESIGNERS AND CONTRACTORS

## UK COMPANY NEWS

## L &amp; G increases interim profits by 25% to £36m

BY NICK BUNKER

Legal & General, one of the UK's biggest life assurance groups, raised pre-tax profits by 25 per cent to £36.7m in the six months to June 30, helped by underlying improvements in its non-life results and the strength of world equity markets.

L & G declared an interim dividend up 17 per cent at 3.5p. The shares closed unchanged at 327p. Analysts' forecasts ranged from £30m to £42m.

On the life side, L & G showed a 16 per cent jump in the gross surplus attributable to shareholders, which reached £27.4m. Banner Life, its US operation reported a fall in pre-

tax profits from £3.8m to £3m, but L & G said it was now experiencing "an accelerated level" of sales.

Worldwide, the profit from non-life business was £5.4m against a £2.7m loss in 1986. On UK non-life business, L & G said UK premium income was up 17 per cent to £115.2m, with the interim underwriting loss slightly down at £0.4m. This was achieved in spite of a doubling of winter weather damage claims to £17m. In the second quarter, several years of rate increases helped L & G to a UK underwriting profit.

For the group, profits attributable to shareholders were

£27.6m (£28.4m) after tax of £7.5m and a £600,000 payment into the employee profit sharing scheme.

## comment

A taciturn outfit, shy of expressing even cautious optimism, L & G has grounds for satisfaction with its record at the half-way stage. More to the point, with a UK life fund with assets of perhaps £20bn in excess of its actuarial liabilities, it should have little problem funding the higher levels of policyholders' bonuses inaugurated by last March's annual declaration. That should help it in the harsher competitive era after the Financial Services Act. Also—another sign of change in the life assurance world—L & G has already taken a healthy £500,000 in pre-tax profits from Fairmount, the up-market British intermediary firm it bought this spring. Like Sun Alliance, L & G also triumphed over big weather claims on its non-life side, and can expect some good years from Victory, its reinsurance subsidiary. Since p/e's are only crude measurements of a life company's attraction to stock market investors, the best indicator is the prospective gross yield of 4.8 (assuming a full-year dividend of 11.5p): L & G looks cheap on this basis.

## Sun Life Assurance dividend disappoints

BY ERIC SHORT

Sun Life Assurance Society yesterday announced a 10 per cent increase in its interim dividend from 10.4 pence to 11.44 pence per share. This disappointed the market. The company makes the usual statement that the percentage increase should not be regarded as a guide to the size of the year's total dividend.

There is a slide in this statement to the market is that shareholders can expect a far higher increase in the final payout. The market is looking for a 15-20 per cent increase for the whole year.

The rise of 10 pence in the share price reflects the market expectation of the overall dividend increase. It feels that the company is keeping its options for higher payouts open to the final stage to counter any moves that its largest shareholder, TransAtlantic, might make.

Sun Life, like all life companies, only assesses its profitability at the year end following the actuary's valuation. So the only guide to the financial health of Sun Life is its new business growth and prospects.

The half-yearly new business figures, already published, showed a useful increase in new annual premiums from £28.5m to £31.5m and trebled single premium and unit trust sales to £42.6m.

The company indicates that new business growth has been satisfactory in July and August.

Sun Life intends to be a major pension provider in the new pensions environment which comes into being next year—it has already started its sales and marketing campaign for group money purchase pensions. And it intends to be a major player in the new personal pensions field.

## Greenwich launches £15m bid for United Goldfield

BY DAVID WALLER

Greenwich Resources—the small minerals prospecting company whose major asset is the Gebel gold mine in the Sudan—yesterday launched an A\$34m (£14m) share offer for United Goldfield, an Australian gold company whose shares are traded on the Australian Stock Exchange.

At the same time, Greenwich announced a 1-for-5 rights issue to raise a total of £14.3m after expenses, the proceeds of which are intended to finance the cash alternative to the share offer, which values United at \$33m (£14.3m).

Greenwich intends to maintain United's listing and use the company as a base for expansion in Australasia and the Pacific Basin. At present, United is managed "passively," according to Greenwich, and most of its income is derived from a 13 1/2 per cent stake in the Paddington Gold Mine, one of Australia's larger gold producers.

United's net profit before tax was A\$2.1m for the year to the end of June. In 1985-86, Greenwich turned a pre-tax loss of £27,000 into a profit of £202,000.

The rights issue is not conditional on the success of the offer, and Greenwich intends to use any surplus cash to accelerate its exploration and development activities in Venezuela and Egypt.

Australian takeover rules forbid potential bidders from holding informal discussions with takeover targets prior to launching the formal offer, but Greenwich said yesterday that it was hopeful that it would win management's backing for the offer.

Shares in Greenwich were suspended on Tuesday at 40p, giving the company a market capitalisation of \$88m. The new shares are being offered at 85p.

## Falcon seeks re-listing

BY LUIGI RELLAWAY

Falcon Resources, the US oil company which has had its shares suspended on the London market since 1985, announced yesterday plans to return to the market in November with a £3m rights issue.

The company said the issue had been conditionally underwritten, and that £500,000 had already been advanced to cover immediate working capital needs. As a part of the deal Falcon will acquire for shares the 75 per cent of the 1984 drilling programme of its one third owned associate, Falcon-Andrau Energy Company, which it does not already own.

Defaults on this drilling programme nearly resulted in

the compulsory liquidation of Falcon earlier this year. In July Falcon announced that it had reached a private settlement with Falcon-Andrau and Owl Creek, a fellow oil independent involved in the programme, involving an exchange of assets. It said that it had raised \$3m to enable it to complete the programme.

Brown and Shipley, the company's merchant bank advisor said that details would be sent to shareholders once the company's accounts for 1985-1986 and the first half of the current year had been audited, and when the company's reserves had been assessed by independent consultants.

## Dwyer buying portfolio

Dwyer has conditionally agreed to purchase a property portfolio for £10.75m, to be satisfied by the issue of 2.92m shares and £2m cash.

The seller is Authority Investments. Of the shares, 2.67m are to be placed on behalf of Authority at £3 each to raise £8m, and Dwyer shareholders are to be offered a clawback over the entire issue in the ratio 71 for every 200 held.

The portfolio comprises six freehold properties, primarily offices and retail, with a current income of £871,000 annually. It is intended to retain the Wood Green office block (value £6.1m) as an investment, and the remaining properties would be added to the dealing stock.

## OCF sells its stake in Victor Products

Overseas Corporate Funds, the Sydney-based investment company headed by Mr Geoffrey Hill—a former chief executive of Morgan Grenfell Australia—confirmed yesterday that it has sold its 5.4 per cent stake in Victor Products, the Tyneside-based industrial and mining equipment company.

Earlier this week, NEI—the larger neighbour of Victor—announced that it had an increased holding—up from 11.1 per cent to 16.58 per cent.

OCF bought the bulk of its interest back in July when Victor shares were trading at the 120p level. Yesterday they closed 2p lower at 163p.

## Hollis services to be floated

BY CLAY HARRIS

IN yet another shake-up of Mr Robert Maxwell's multi-farious business interests, Hollis—his original engineering vehicle—said yesterday that it planned to float as a separate company its professional and financial services division.

A separate stock market listing will be sought for the new company, which will be spun off to Hollis shareholders. It was unclear last night whether Hollis would retain any direct holding or if any new capital would be raised.

Hollis announced the plan with its interim results, showing a quadrupling of pre-tax profits to £4.4m (£1.03m). The group's fluid composition makes meaningful comparison with previous—or future—periods difficult to achieve.

Only last month, Hollis sold its security printing publishing interest for £25m to British Printing and Communication Corporation, also controlled by Mr Maxwell. The businesses had been acquired from Pergamon Press in August 1986 as part of a previous re-organisation, which also brought Hollis some of the activities which are now to be floated.

Turnover more than trebled to £111.5m (£33.2m) in the first six months. Operating profits from professional and financial services rose to £2.35m (£1.2m) those from Hollis Industries—the engineering division—soared to £4.88m (£628,000). Of the engineering activities—now returning to their core position—Hollis said that A. M. Lock and Floform had achieved record profits, Stothert and Pitt had returned to the black (and taken Ransomes and Rapier under its wing as a subsidiary).

The company said that it was committed to rapid expansion through organic growth and further acquisitions.

Fully diluted earnings per share trebled to 3.9p (1.3p). Hollis is to pay an interim dividend of 1p (nil) and forecast a final of at least 2p (nil). Hollis shares gained 17p to close at 145p.

## Pittard Garnar makes £3.8m midway

BY NIKKI TAIT

Shares in Pittard Garnar—the merged leather group which finally evolved from the bid battle last May between Hillsdown Holdings and Pittard over Garnar Booth—yesterday jumped 17p to 372p yesterday as the company unveiled pre-tax profits of £3.8m in the six months to July 3, on turnover of £86m.

The figure was at the upper end of City predictions and would have compared with a total of £1.36m had the two companies been combined in the six months to end-June 1986. At the earnings per share level, Pittard Garnar produced 11p in the first half of 1987, against 9.2p for Pittard alone in the first six months last time.

Lying behind the merger accounting treatment, however, is

both a sharp profits recovery at Garnar and a strong continued advance at Pittard. Garnar, which slumped to a £378,000 loss before tax in the first half of 1986—blamed unhelpful exchange rates, a strike at New Zealand abattoirs and Chernobyl restrictions—pulled back to £1.64m profit this time.

Its tannery businesses performed well, although the raw material side saw stiff competition for British sheepskins. "The prices which have had to be paid have been at the expense of any realistic profit margin," says the group. However, the modernisation and rationalisation of the sheepskin clothing and chamois leather business are now "at an advanced stage" and the profitable skivers business is also being relocated. The company

expects higher profits. Pittard, meanwhile, saw a first half improvement from £1.74m pre-tax to £2.16m, and says that all three arms—shoe upper leather, gloving and clothing leather—showed improved margins. The merged company intends to retain the bulk of Garnar additional interests.

The tax charge is slightly higher than expected at 33 per cent (£1.28m) and there is also a £532,000 extraordinary charge—merger and rationalisation costs offset by property disposal profits.

comment

Two arguments were advanced for the Pittard Garnar merger—namely that Pittard's marketing and technical strengths could help the likes

of Garnar's shoe and chamois interests, and that Garnar's raw materials supplies could aid Pittard, especially in expansion of its clothing leather interests. The downside is that Pittard, previously occupying some rather nice higher-margin niches, is now exposed to the rough and tumble of Garnar's raw material end. Furthermore, the somewhat gentlemanly approach does not seem hell-bent on squeezing maximum gain in minimum time, and the more fundamental advantages make take a while to show. Happily, Pittard seems to be bringing on all three previous cylinders, and Garnar could only improve on the disastrous first half last time. Full-year predictions now range around £5m, putting the shares on a prospective p/e of 15.5.

## STEELING THE SCENE.



Before.

After.

Nothing new about steel in buildings, of course. British Steel's long been at the heart of them.

But now there's more and more steel on buildings, too; keeping them good looking as the years roll by.

Take London. After the Blitz, there was lots of rebuilding to do. But when there was time to stand back and admire the new buildings, there wasn't a lot to admire. (See above, left).

Now London's being rebuilt again (as at 1 Finsbury Avenue, on your right). British Steel's not only at the heart of things; it's on the surface, too.

And not only in London; it's happening all over

Britain and all over the world. (In Los Angeles, for example, many new buildings are being built with British Steel.)

The fact is that for speed, versatility, safety and cost-effectiveness, steel's now very hard to beat.

Look at the great variety of steel cladding now available. Would Sir prefer his stainless polished or matt? the mosaic, the pearl or the linen finish?

Then there are the new coated steels: amazingly toughly pre-painted. They're as cost-effective for the world's domestic appliance manufacturers as they are for the construction industry.

But now we're getting into a very large subject indeed. Because we don't just churn out steel and

wait for the world to want it.

We seek out new uses for steel, formulate and produce the precise steels needed, then go out and capture the markets for them.

As a result, we've a quality rare among the world's steel makers.

We're profitable.

Since you're bound to use steel in one form or another, you may well profit from reading our new colour brochure. Write to British Steel Information Services, 9 Albert Embankment, London SE1 7SN.

British Steel. We're steeling the scene.



## The Chartered Institute of Bankers CITY University BUSINESS SCHOOL

Executive Director, Bank of England  
Chief Executive, Prudential Corporation  
Managing Director, Nomura International Finance  
Partner, Clifford Chance  
Chairman, International Stock Exchange  
The architect of Big Bang's legal framework

On the anniversary of big bang, they'll be discussing what it really means. For the City and for you.

You'll have your own views on how the continuing financial revolution will affect your business, your future. But on Tuesday, October 27, you can hear some of the financial world's top authorities giving their view.

The venue is the Barbican Centre. The occasion is "Big Bang—One Year and Beyond"—a conference sponsored by the Management Development Centre of the City University Business School, and the Chartered Institute of Bankers.

The fee is £200. Was ever such expert knowledge imparted to so many, for so little? To reserve a place, or simply for more information, phone Sarah Prowse on 01-920 0111, extension 317, or 01-374 8327.



## Improved margins help DRG profits rise 19%

PRE-TAX profits of DRG for the half year ended June 30, 1987, rose 19 per cent, reflecting a 9 per cent increase in turnover backed up by an improvement in net operating margins.

Sir John Milne, in his initial statement as chairman, said that was very positive progress and the full year should show a satisfactory outcome. The strong level of demand had continued into the second half.

Turnover totalled £385.5m (£325.5m), operating profit came to £27.2m (£22.5m) of which £19.3m (£16.1m) was earned in the UK, and the pre-tax balance was £24.6m (£20.6m). Exceptional charges were down to £200,000 (£900,000), being redundancy costs less profit on disposal of assets, while net interest charges rose to £2.2m (£1.6m). After effectively higher tax, earnings worked through at 16.5p (14.6p) and the interim dividend is lifted to 4.1p (3.85p).

Sir John said within the UK stationary business profits were sustained by strong demand across the full product range. Overseas sales increased by 26 per cent. A restructuring of the Sellotape manufacturing

operation was already producing a playback.

UK plastic packaging factories were busy but profits were affected by the impact of technological change and by higher resin costs.

Overseas, the highlight was the performance of the Canadian group, which improved its profits dramatically. In the US the recent rotary thermoforming acquisition was starting to measure up to its potential but the trading environment for medical packaging was more difficult. Profits from Europe were broadly unchanged.

The chairman said investments made would cause a cash outflow for the year but gearing would remain within "acceptable limits".

DRG spent some £18m buying in the 30 per cent minority in Canadian interests acquiring a partner's 50 per cent share in Sellotape (New Zealand) and adding to business equipment interests in New Zealand.

Other capital projects mentioned last year were generally proceeding well.

● **comment**

DRG spent its first half tidying up—buying out partners in Canada and New Zealand—and

launching a major capital expenditure programme. The new fully-owned Canadian operations are running strongly ahead of last year's £38.8m and planning on a North American basis should be much facilitated.

New plant and equipment could consume £50m this year—about two-thirds of which will be spent in the second half, causing gearing to ease up to the 25 per cent level. The £15m three-year plan to rationalise the envelopes and flexible packaging businesses holds out good prospects of an extraordinary bonus (over the capitalised costs) in 1988 when the 20 acres freed up in Hemel Hempstead should be sold off. The cartons and paper sacks operations, now making money again, appear less likely to remain with the group—£30m sale proceeds would nicely tide DRG over the capex hump whilst still leaving up to £100m to spend on a chunky acquisition if the management was so inclined.

The better exploitation of the group's brand names—Sellotape and Bandol Bond—remains something of a marketing gap. Forecasts are for £50m, which puts the shares at 45p on a prospective p/e of 13.5, a good buy for the medium-term.

The management was so inclined.

The better exploitation of the group's brand names—Sellotape and Bandol Bond—remains something of a marketing gap. Forecasts are for £50m, which puts the shares at 45p on a prospective p/e of 13.5, a good buy for the medium-term.

The management was so inclined.

The better exploitation of the group's brand names—Sellotape and Bandol Bond—remains something of a marketing gap. Forecasts are for £50m, which puts the shares at 45p on a prospective p/e of 13.5, a good buy for the medium-term.

The management was so inclined.

## Mucklow pushes on to £6m

FOR THE year ended June 30 1987 A. J. Mucklow Group lifted its pre-tax profit from £5.37m to £6.01m. And the net figure was boosted by a £222,000 surplus from the pension fund.

Net profit for the year was £5.38m (£4.7m) and earnings came to 8.65p (7.01p) per share. The final dividend is 3.55p for a total of 12.20p (10.56p).

Principal activity industrial property investment and development and the group claims to be the largest owner of factory estates in the UK.

lands. At July 1 some 6.11m sq ft were fully developed comprising 47 industrial estates over 328 acres.

Rental income in the year was £7.53m (£6.28). In year present was £1.5m from lettings would add over £1.5m to the annual rent roll; pre-lettings currently amounted to £500,000 rent per annum.

In house building and estate development there was a trading surplus of £164,000 (£168,000) made on turnover of £2.82m (£1.9m).

For the current year the directors were confident the

group would produce a further improvement in profits. Housebuilding should do better and rental levels of the factory units were beginning to increase after a long period of stagnation.

Including 1986-87 all interest incurred on new development being capitalised instead of being written off annually against profits. This year £22,000 was capitalised.

The industrial property portfolio was valued at £76.42m, showing a surplus of £4.63m. The new value will be incorporated in the accounts.

## Bellwinch just beats prospectus forecast

Bellwinch, the housebuilder which came to the market via a placing in April, has produced a record pre-tax profit of £4.75m for the year to June 30 compared with prospectus forecast of £4.2m and £2.5m for 1985-86.

The company markets its homes under the local trading names of Roger Malcom, Ranking Homes and Webb Homes. Reviewing progress of the various divisions Mr Robert King, chairman, said of Roger Malcom London that Clippes Quay on the Isle of Dogs had produced record sales and development will be concluded during the current year.

Prospect Place, Wapping was completed while Hogarth Mews in Beckton recorded 180 per cent reservations and will be completed during the 1987-1988 financial year.

Detailed planning permission has been received for over 300 homes at the group's largest site at Millwall Wharf, Isle of Dogs. The division's major development at St Leonard's Hamlet, comprising nearly 400 residential homes, was successfully launched this year, with excellent forward reservations.

Webb Homes, which concentrates its activities along the M3, M4 and M27 corridors has acquired further sites at Southampton and the Isle of Wight since the company's flotation. The group's landbank is now sufficient for approximately four years.

Turnover last year was up 22 per cent to £22.54m (£21.16m) and the operating profits 40 per cent higher at £5.19m (£3.72m).

Net earnings per share were 11.4p (5.4p) on a net basis and 16.6p (n/a) fully diluted. The final dividend is 1p.

## Offer puts £33m tag on Explaura

BY PHILIP COGGAN

When the Newfoundland Colonisation and Mining Company laid a cable across the East Canadian island at the turn of the century, it received a grant of 64,000 acres from the British Crown in return. Now, many years and corporate incarnations later, part of that land is the basis for only the second offer for sale on the Unlisted Securities Market this year.

Explaura Holdings, as the Newfoundland company is now known, plans to build a quarry at Lower Cove Bay on the island to exploit the estimated 1.2bn tons of limestone reserve at the site. The limestone would be processed at the plant and then transported, via ship, to the East Coast of the US and sold mainly to the construction industry.

Establishing the quarry will cost around £32m (£10m) and the company is receiving £312m of its target via a subsidised loan from the Canadian government, with the rest of the proceeds coming from the offer.

Production is not expected to begin in earnest until 1989 and in the medium term the company hopes that output will reach 4.2m tons a year. East Coast prices for aggregates materials like limestone have risen in recent years as the availability of land-based supplies has dwindled and the company hopes that sea transport will give it both flexibility and a cost advantage over other producers.

Henry Ansbacher and CGS Securities are offering 18m ordinary shares, 17 per cent of the enlarged equity, at 35p each to raise just under £6m. That will give the group a market

capitalisation of around £33m. Robertson Research, a branch of Cooper & Lybrand, has placed a discounted cash flow value on the company's proven reserves of between £23m and £28m. Explaura's illustrative projections are that pre-tax profits could rise from £575,000 in 1989 to £6.8m by 1992.

Explaura's shares were previously traded under the Stock Exchange's Rule 535(3) and existing shareholders have preferential rights on up to 2.7m shares under the offer. The minimum application is 1,000 shares.

● **comment**

A prospectus that talks of quartzite-feldspathic dykes and rip rap stone obviously requires careful consideration. Add in the fact that the record of previous USM start-up companies has been less than adequate

and investors could be forgiven for telling this Explaura to get lost. That might be misguided. Certainly, the risk element of any greenfield project is high; but this venture appears better researched than most. Unlike many other start-ups, it depends not on the potential appeal of some new hi-tech product but on a commodity with everyday uses in the building of roads and bridges. The businessmen behind the project were keen enough to fund it over the summer while the offer was caught up in the Canadian bureaucratic machine and are not selling any of their shares. No-one could pretend that an investment is anything but a gamble, but it might not be unreasonable to assume that the shares could resume trading at a price not far from the 45p at which they were suspended under rule 535 (3).

Explaura's shares were previously traded under the Stock Exchange's Rule 535(3) and existing shareholders have preferential rights on up to 2.7m shares under the offer. The minimum application is 1,000 shares.

● **comment**

A prospectus that talks of quartzite-feldspathic dykes and rip rap stone obviously requires careful consideration. Add in the fact that the record of previous USM start-up companies has been less than adequate

## Profits grow at Wyevale Garden Centres

Wyevale Garden Centres, which joined the USM earlier this year, yesterday reported pre-tax profits up 28 per cent from £52,000 to £60,000 for the first half of 1987. Sales rose 17 per cent to £4.54m, against £3.87m.

Because of the seasonal nature of the company's business, the majority of sales and resulting profits are earned in this period.

However, the company said it was confident that the improvement would be maintained and it looked forward to another successful year.

Earnings per 50p share were 6.07p (6.11p) and a first interim dividend of 0.75p has been declared. During the period, Wyevale's garden centres in Hamburg had been closed and

## Wills looks to longer term after 27% profits decline

Wills Group, specialist in imports and financial services, announced a 27 per cent fall in pre-tax profits from £1.06m to £779,000 on turnover down from £56.44m to £54.68m.

In 1986 the group increased pre-tax profits from £582,000 to £779,000, mainly due to the performance of CT Group, acquired in 1985.

Mr Robin Marsh, chairman, said yesterday that the first half of this year had seen a number of strategic actions taken to enhance the longer-term position.

The financial services division was on budget for the first half of the year. The marketing services division (the CT Group) exceeded its budget in the first-half but appeared to be on course for the full year.

After a careful review, the marketing operation based in Hamburg had been closed and

the group was seeking a more convenient location. The import division had returned a very poor result and the board was pursuing plans for remedial action.

Profits before discontinued activities were £1.06m (£1.17m). After tax of £315,000 (£429,000), minority interest payments of £35,000 (£20,000) and extraordinary items (closure costs) of £336,000 (£58,000), earnings per 25p share declined to 4.7p (6.8p).

● **New London Prop**

New London Properties increased pre-tax revenue by 25 per cent from £1.35m to £1.68m on turnover up 23 per cent from £2.57m to £3.17m for the half year to June 30 1987.

An interim dividend of 8p (7p) was declared after tax of £568,850 (£479,534).

## Huntleigh Technology constrained

Continued investment in developments and new product launches, and marketing, coupled with the weakness of the dollar, hit the profit of Huntleigh Technology in the first half of 1987.

Sales of this USM quoted manufacturer of instrumentation and control systems rose 15 per cent to £5.32m, but operating profit fell from £568,000 to £226,000 and the pre-tax balance from £435,000 to £138,000.

Sales growth was achieved primarily in export markets with a large part arising in the US, where profits were constrained by the weak dollar. The directors were concentrating on the stronger currency markets.

Earnings for the half year were 1.11p (8.22p) and the interim dividend is held at 0.5p.

## UCL ahead 43% at six months

UCL Group, the London-based computer specialist company which came to the USM in April, increased pre-tax profits by 43 per cent from £258,000 to £372,000 in the half-year to June 30.

Turnover more than doubled from £2.84m to £6.21m.

Mr Nicholas Drescher, chairman, said yesterday that the first half had seen continued growth. The proportion of business in the financial sector was in line with previous years and two significant orders were taken with projected delivery later this year.

The company was in advanced negotiation with several prospective clients in both the private and public sector. The market response to the Personal package product, for which a first order was received in June, had been promising.

After tax of £205,000 (£143,000), earnings per 5p share were increased to 4.3p (3.3p).

It is intended to pay a final dividend for the year.

## Pauls Malt sale

Harrisons & Crossfield subsidiary, Pauls Malt, is to sell its Strasbourg malt company, Unies Ethel, to a consortium of French malt companies.

The consideration will be around £21m payable in cash, and prior to the sale Unies Ethel will repay to Pauls Malt loans of £700,000.

## Blockleys profits jump to £1.75m at midway stage

Blockleys, Telford-based facing brick manufacturer, boosted taxable profits by more than 68 per cent from £1.04m to £1.75m on turnover up from £4.52m to £6.01m in the first half of 1987. At the end of 1986, the company had stated its optimism about results for 1987.

The directors declared an interim dividend of 2.7p—compared with an adjusted 1.67p last time—and earnings per share rose from 73 per cent from 5.41p to 9.46p.

Mr Thomas Wright, chairman, said that turnover during the period had benefited from increased sales of the company's Heritage range of facing bricks. Orders for these and Blockleys' wirecut facings and pavings had continued to increase to a level where the company was now taking from stock to meet the

demand. He was confident that this trend would continue for the rest of the year.

The additional production which would flow from the new No 3 plant from the spring of 1988 would enable the company to derive maximum benefit from its increased market share.

Trading profits rose from £1.23m to £1.8m and interest payable fell from £189,000 to £141,000. Blockleys' tax payments increased from £385,000 to £614,000. Attributable profits almost doubled, rising from £556,000 to £1.14m.

In 1986 Blockleys reported taxable profits of £2.28m (£1.92m) on turnover up from £8m to £9.12m. Early in the year its new 28m factory on its Hadley, Shropshire, site came on stream and lifted output from 51m to 59m bricks per annum.

## Miss World edges ahead

Miss World Group, the USM budget and the outcome for the year should be satisfactory. In 1986, profits reached £642,000 on £1.49m turnover.

First-half earnings per 10p share grew 22 per cent to 6.27p (5.14p) and the interim dividend stepped up from 1.5p to 3p—last year's total payment was 6p.

Net profits for the period were £122,300 (£100,300) after tax of £78,700 (£67,000) and an extraordinary credit of £22,300 being profit on the disposal of a freehold property.

budget and the outcome for the year should be satisfactory. In 1986, profits reached £642,000 on £1.49m turnover.

First-half earnings per 10p share grew 22 per cent to 6.27p (5.14p) and the interim dividend stepped up from 1.5p to 3p—last year's total payment was 6p.

Net profits for the period were £122,300 (£100,300) after tax of £78,700 (£67,000) and an extraordinary credit of £22,300 being profit on the disposal of a freehold property.

## Bellwinch

PRELIMINARY UNAUDITED RESULTS TO 30th JUNE 1987

- PROFIT BEFORE TAX £4.75m — UP 85%
- FLOTATION PROFIT FORECAST OF £4.60m EXCEEDED
- NET EARNINGS PER SHARE 11.4p
- FORWARD RESERVATIONS AT RECORD LEVELS

"The Group's land bank is now sufficient for approximately four years.... I am confident that the current year will be a period of worthwhile progress...."

Robert H. King  
Chairman



Building Excellence as Standard

Copies of the Report and Accounts will be obtainable from the Secretary from 6th October.

The Bellwinch Group of Companies  
Empire Way, Wembley, Middlesex, HA9 0LW, Telephone: 01-902 1101/8

Legal & General Group announces unaudited profits before tax of £35.7m for the six months to 30th June 1987, an increase of 26% over the corresponding period last year.

We are ready to offer a full range of pension products to meet the needs of the personal pensions market next July.

In the house purchase market we are maintaining our market share. Buoyant unit trust and single premium pension sales have produced a significant overall growth compared with the first six months of last year.

We are delighted to report an improved short-term insurance result for the half year despite January and March's bad weather claims.

Fairmount Trust, the core business of our financial services operation, has had a satisfactory first half of 1987.

Better results have been reported by our life operations in Europe and Australia. In Australia our range of single premium investment contracts have proved extremely popular leading to a growth in premium income of 142%.

Our reinsurance subsidiary, Victory, shows improvement from the underwriting results of previous years.

Legal & General Investment Management has moved into new offices and the new facilities and technology for fund management are among the most advanced in the City. This makes us a leader in the provision of market information to our fund managers and dealers. The Group's funds under management totalled over £12½ billion at 30th June, 1987.

To find out more please return the coupon for your copy of the Legal & General Interim Report 1987.

Unaudited results for half-year

	6 months to 30.6.87	6 months to 30.6.86	Full Year 1986
	£m	£m	£m
Life & Pensions Business (excl USA)	27.4	23.5	45.9
USA Life Business	3.0	3.8	6.2
Investment Management	2.0	3.0	4.7
General Insurance & Reinsurance Business	5.4	(2.7)	4.5
Other profits (losses)	(2.1)	0.8	0.5
PRE-TAX PROFIT BEFORE EXCEPTIONAL ITEM	35.7	28.4	61.8
Exceptional Life & Pensions profit	—	—	21.4
PRE-TAX PROFIT	35.7	28.4	83.2
Tax	(7.5)	(4.6)	(13.2)
PROFIT AFTER TAX	28.2	23.8	70.0
Employee profit share	(0.6)	(0.4)	(1.4)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	27.6	23.4	68.6
Earnings per share	5.93p	5.07p	14.85p
Dividend per share	3.80p	3.25p	9.75p

Note: The Group accounts for 1986 received an unqualified auditors' report and have been filed with the Registrar of Companies.

Please send me a copy of the Legal & General Interim Report 1987.

Send to: Corporate PR Department, Legal & General Group Plc, Temple Court, 11 Queen Victoria Street, London EC4N 4TP.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

Legal & General

## COMMODITIES AND AGRICULTURE

## Harvest gloom for UK millers

BY BRIDGET BLOOM

FLOUR MILLERS in the UK face a possible 25 per cent increase in their raw material costs as a result of the poor British harvest, now within two weeks of completion.

The wheat harvest could be down to 12m tonnes, or nearly 2m tonnes less than last year. Critically for the millers, the heavy rains, especially in East Anglia, have meant a very marked decline in the amount of breadmaking quality wheat which is available to them.

Millers are already paying a substantial premium for home-grown milling wheat, with prices nearing \$150 a tonne from around \$115 in July. Some millers estimate that instead of using home grown wheat to fulfil 80 per cent of their requirements of some 5.2m tonnes this year, they may be able to find only 50-60 per cent from local sources.

The millers point out that estimates of the impact of the price rises on their business are still tentative, partly because the harvest is not yet complete in parts of eastern England and Scotland. It is not

yet clear, therefore, how much wheat will have to be imported to make up the shortfall, and from where.

If the worst predictions are fulfilled, however, and substantial quantities of high quality wheat have to be imported from North America, increases in the price of bread seem certain to follow.

While firm figures for the overall harvest are unlikely to be available for another fortnight, it is already clear that East Anglia, which normally produces over 70 per cent of the country's high quality milling wheat, has produced crops markedly lower in both quantity and quality.

Protein levels are apparently up on last year, but the grain's suitability for turning into high quality flour and thus good bread dough—as judged by the so-called Hagberg test—is “disastrous” according to the National Association of British and Irish Millers.

British millers—Rank Hovis, Spillers and Allied between them—have 75 per cent of the market—are already snapping

up high quality wheat from other European Community states. Spain has had a relatively good harvest but France, Germany and Denmark, the other major wheat producers, have also suffered from poor weather.

One miller estimates that Britain might import about 1.5m tonnes from the rest of the EC, including 1m tonnes from France and 500,000 tonnes from Spain. That would compare with total imports from the EC last year of some 600,000 tonnes.

In addition, however, imports from North America, notably from Canada, seem certain to be stepped up, possibly to 800,000 tonnes. Because of the heavy import duties imposed on wheat from outside the EC, Canadian wheat costs at least 50 per cent a tonne more than EC wheat.

Suggestions that the short-fall might be made good from the large stocks of wheat being held in the EC's intervention stores are officially discounted both at the Ministry of Agriculture in London and the EC

Commission in Brussels.

The EC's wheat stocks stood at some 6m tonnes in mid-summer, with 2.8m tonnes of that reportedly being of bread-making quality. However, according to British officials, there is no bread-making quality wheat in intervention in the UK while the Commission is apparently reluctant to consider releasing any high quality wheat from intervention until the size of the harvest throughout Europe, and the resultant market situation, becomes clearer.

Such wheat would in any case be sold at prevailing market prices, rather than the lower prices at which it was bought in.

Of the estimated 5.2 tonnes of wheat which will be used for bread, the Commission estimates this year just over 3m tonnes will be used for making bread and the balance for a variety of uses including cakes and biscuits. Of the rest of the wheat crop, a large amount this year is likely to be used on farms which produced it, with the rest going into manufac-

## LONDON MARKETS

NICKEL PRICES made further ground on the London Metal Exchange yesterday as a rise based on technical tightness sparked off a wave of nervous covering by operators who had sold the market short earlier. The upward trend was aided by the breach of a chart resistance point at around \$2,400 a lb, by traders. They added that consumer demand appeared to be holding up well enough to counteract any downward pressure that might have been expected to result from the removal of the strike threat to Inco's Thompson facility in Manitoba. The only other rise of any size among the base metals was in zinc, which responded to short-covering and trade buying. There was still no apparent bearish reaction to news of the collapse of talks aimed at agreeing a joint strategy for rationalising European zinc production.

On the London coffee futures market prices regained much of Tuesday's decline in response to steadiness on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

## US MARKETS

PERSISTENT LOCAL and fund selling in silver saw the market fall sharply in good volume as commission houses steps were elected in the afternoon, reports Drexel Burnham Lambert. Trade scale-down buying was noted. Gold and platinum were both quiet, tending to be dominated by local activity. Both gold and silver saw little support led to short-covering which pared losses. Copper managed to reach new contract highs again on trade buying and commission house steps. Pro-fit-taking at the close pared gains. Crude oil eased after early trade buying on trade and local selling. Commission houses were noted as an early seller. Coffee fell as locals sold into commission house steps, but rallied towards the close on profit-taking. Cocoa fell on local selling, but trade buying prompted short-covering as the market craned earlier losses. Arbitrage buying and renewed trade buying took cocoa to the highs, touching off stops, before profit-taking eased prices slightly. Sugar edged up on trade buying and commission house short-covering in the face of price-fix selling. Cotton was limit-up on commission house buying following earlier trade selling, as reports of adverse weather in the Delta region. Cattle moved to limit-down on commission house liquidation as interpretations of the cattle-on-feed report pointed to less constructive demand for forward months. Short-covering pared losses. Hogs and pork bellies both reacted to cattle's weakness, but the feeling that cash prices are pausing in their downward move, and that pork values are cheap, led to a night recovery.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

LME prices were supported by Assammet Metal Trading.

On the London tin market, prices were supported by a rise in the price of tin on the New York market. But traders said interest in the market appeared to be flagging, possibly because of the approach of next week's International Coffee Organisation talks on the reinstatement of export quotas.

## Move to rationalise zinc output collapses

By Tim Dickson in Brussels

AN AMBITIOUS attempt by leading European lead and zinc producers to rationalise their operations through close-coordination of output and sales has collapsed after deep disagreements between the participants.

But the indications yesterday were that continuing overcapacity in the industry could still force a resumption of negotiations.

Details of the joint study group set up by the five companies—Boliden of Sweden, Outokumpu of Finland, Vieille Montagne of Belgium, Penarroya of France and Preussag of West Germany—first emerged in the spring of this year. Australian Mining and Smelting, an associate of Rio Tinto Zinc, the UK Natural Resources Group, is understood to have also recently joined in the efforts to set up what would effectively have been a joint pan-European company.

The Finnish and Swedish companies and AMS were the first to pull out but it was the decision by Vieille Montagne, the Belgian group controlled by Union Minière, to follow suit this month which finally ended the discussions.

A statement from Union Minière said simply that the group of companies had “made a joint study on the optimisation of their mining and metallurgical capacities, aimed at a consolidation within the European industry” but that “the project will not be realised as originally planned due to different views on the structure of a new entity and the extent of transfer of businesses to such entity.”

It is understood that the disagreement went well beyond the question of what mining and plant capacity should be shut down. This would have been necessary to restore equilibrium at a time when an estimated 100,000 to 200,000 tonnes is overhanging the market thanks to the recession of the late 1970s and early 1980s and the substitution of other materials by traditional customers.

Mr Jean Andre, managing director of Vieille Montagne, said yesterday that the problem of overcapacity would remain.

## Coffee producers move towards consensus on export quotas

BY NICHOLAS WOODSWORTH IN ABIDJAN

COFFEE PRODUCING countries are moving towards consensus on proposals for the reintroduction of export quotas to be tabled at a meeting of the International Coffee Organisation (ICO) next Monday.

During a two-day emergency session of the Inter-African Coffee Organisation in Abidjan, the Ivory Coast's capital, delegates this week resolved to take a united stand with their South American counterparts at a producers' plenary meeting to be held in London on September 18 and 19.

Consensus among coffee exporters worldwide is seen as vital to producers' interests; a full meeting of both producing and consuming members of the International Coffee Organisation on September 21 will test their unity. It is then that the producing nations will strive to finalise a formula for the allocation of export quotas acceptable to consumer members.

Efforts to arrive at agreement on the allocation and eventual restoration of quotas, suspended in February 1986, have up until now been frustrated by Brazil's refusal to consider any reduction in its traditional 30 per cent share of the world market.

Following emergency meetings of producers in the Ivory Coast and Mexico in August and early September, Brazil is now willing, in principle, to enter into negotiations on the reintroduction of a quota system.

This week's Abidjan meeting took the move towards general consensus one step further, including among its delegates Mr Jorge Ortega, a Mexican representative of the “other” group of South American producers.

According to Mr Ortega, Brazil and Colombia, who were invited to the other group's meeting in Mexico in early September, agreed then to the necessity for quota restoration. Liaising between South American and African producers at this latest Abidjan meeting, Mr Ortega has been able to bring the two groups closer to adopting a common stance.

“My group and the African producers have now arrived at a common position on minimum conditions necessary for the formulation of quota allocations,” he said, adding he was highly optimistic that producer proposals would be accepted by the ICO on September 21. He also noted that all producers now saw the need for the “transparent” formulae demanded by the importing members of the ICO.

In the past African coffee exports have brought in over \$5bn annually and African producers have every interest in seeing prices rise and their share of the market preserved through the reimposition of quotas.

With the market value of coffee at its lowest levels in 25 years to real terms the African nations most heavily dependent on coffee revenues are feeling the pinch. African leaders, notably President Félix Houphouët-Boigny of the Ivory Coast, have in past months made considerable efforts to unite African producing countries and halt the alarming drop in market sales.

Speaking of the belief that through consensus producers now have given themselves a real opportunity to reintroduce export quotas, IACA deputy-chairman Joao Cezanne of Angola said he hoped that “coffee producers have at last found sugar to stir into our bitter coffee.”

THE PARIS white sugar traded options market got off to a good but fairly subdued start yesterday, Reuters reports.

The first day's business was affected by the recent activity on the underlying futures market, dealers said. The options market is aimed at boosting foreign investment and attracting speculators, according to the exchange.

The French Government decision late last month to allow residents to deal in dollars, a right previously restricted to non-residents.

Only about 60 lots of 30 tonnes each were traded on the options market by mid-afternoon.

The launch of an options market is part of Paris's plan to retain its dominant position on the white sugar futures market in the face of tough competition from London and a planned New York market.

THE PARIS white sugar traded options market got off to a good but fairly subdued start yesterday, Reuters reports.

The first day's business was affected by the recent activity on the underlying futures market, dealers said. The options market is aimed at boosting foreign investment and attracting speculators, according to the exchange.

Following emergency meetings of producers in the Ivory Coast and Mexico in August and early September, Brazil is now willing, in principle, to enter into negotiations on the reintroduction of a quota system.

This week's Abidjan meeting took the move towards general consensus one step further, including among its delegates Mr Jorge Ortega, a Mexican representative of the “other” group of South American producers.

According to Mr Ortega, Brazil and Colombia, who were invited to the other group's meeting in Mexico in early September, agreed then to the necessity for quota restoration. Liaising between South American and African producers at this latest Abidjan meeting, Mr Ortega has been able to bring the two groups closer to adopting a common stance.

“My group and the African producers have now arrived at a common position on minimum conditions necessary for the formulation of quota allocations,” he said, adding he was highly optimistic that producer proposals would be accepted by the ICO on September 21. He also noted that all producers now saw the need for the “transparent” formulae demanded by the importing members of the ICO.

In the past African coffee exports have brought in over \$5bn annually and African producers have every interest in seeing prices rise and their share of the market preserved through the reimposition of quotas.

With the market value of coffee at its lowest levels in 25 years to real terms the African nations most heavily dependent on coffee revenues are feeling the pinch. African leaders, notably President Félix Houphouët-Boigny of the Ivory Coast, have in past months made considerable efforts to unite African producing countries and halt the alarming drop in market sales.

Speaking of the belief that through consensus producers now have given themselves a real opportunity to reintroduce export quotas, IACA deputy-chairman Joao Cezanne of Angola said he hoped that “coffee producers have at last found sugar to stir into our bitter coffee.”

THE PARIS white sugar traded options market got off to a good but fairly subdued start yesterday, Reuters reports.

The first day's business was affected by the recent activity on the underlying futures market, dealers said. The options market is aimed at boosting foreign investment and attracting speculators, according to the exchange.

The French Government decision late last month to allow residents to deal in dollars, a right previously restricted to non-residents.

Only about 60 lots of 30 tonnes each were traded on the options market by mid-afternoon.

The launch of an options market is part of Paris's plan to retain its dominant position on the white sugar futures market in the face of tough competition from London and a planned New York market.

THE PARIS white sugar traded options market got off to a good but fairly subdued start yesterday, Reuters reports.

The first day's business was affected by the recent activity on the underlying futures market, dealers said. The options market is aimed at boosting foreign investment and attracting speculators, according to the exchange.

The French Government decision late last month to allow residents to deal in dollars, a right previously restricted to non-residents.

Only about 60 lots of 30 tonnes each were traded on the options market by mid-afternoon.

The launch of an options market is part of Paris's plan to retain its dominant position on the white sugar futures market in the face of tough competition from London and a planned New York market.

THE PARIS white sugar traded options market got off to a good but fairly subdued start yesterday, Reuters reports.

The first day's business was affected by the recent activity on the underlying futures market, dealers said. The options market is aimed at boosting foreign investment and attracting speculators, according to the exchange.

The French Government decision late last month to allow residents to deal in dollars, a right previously restricted to non-residents.

Only about 60 lots of 30 tonnes each were traded on the options market by mid-afternoon.

## ALUMINIUM

98.7% Unofficial + or - of High/Low  
purity close (p.m.)  
\$ per tonne

Grade A 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,735-5  
(1,745-5), three months 1,885-1,735  
(1,895-1,700), settlement 1,745 (1,750)  
Final Karb close: 1,700-10. Ring turnover: 1,100 tonnes.

Grade B 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade C 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade D 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade E 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade F 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade G 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade H 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade I 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade J 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade K 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade L 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-1 (1,000-1)  
settlement 1,033 (1,032). Final Karb close: 1,006-7. Ring turnover: 20,900 tonnes.

Grade M 1985-86 1986-87 1987-88  
Official closing (am): Cash 1,031-3  
(1,031-3), three months 1,000-

## CURRENCIES, MONEY &amp; CAPITAL MARKETS

## FOREIGN EXCHANGES

## Pound better as dollar holds

THE DOLLAR traded quietly, showing no sign of breaking out of its recent range of DM 1.70 to DM 1.82 and ¥141 to ¥145.

Confidence was further undermined by Tuesday's news of a record \$41bn US current account deficit for the second quarter, and by growing nervousness in US credit markets, as Treasury bond prices continued to fall. The general mood among dealers suggested another depreciation of the dollar, but possibly not in the immediate future.

Support from technical factors may help push the currency higher, as traders cover short positions taken out before last week's US trade figures. Dealers said this could lift the dollar higher, but only until the technical shortage of dollars has been corrected, and saw chart based resistance at DM 1.8225.

Downward pressure from the US trade deficit is then expected to resume, although the market is likely to become increasingly nervous ahead of the International Monetary Fund annual meeting at the end of the month.

Any sign of the dollar testing lows touched earlier this year may bring central banks into action, as finance ministers from the major industrial nations discuss the subject of currency stability.

The dollar closed unchanged at DM 1.8150 and at SF 1.5055, while improving to ¥144.35 from ¥144.00 and ending at FF 6.0225 from FF 6.0575.

On Bank of England figures the dollar index was unchanged at 101.0.

## £ IN NEW YORK

Sept. 16	Sept. 15	Previous
1 month	1.490-1.495	1.490-1.495
3 months	1.490-1.495	1.490-1.495
6 months	1.490-1.495	1.490-1.495
12 months	1.490-1.495	1.490-1.495

Standard premiums and discounts apply to the U.S. dollar.

## STERLING INDEX

Sept. 16	Sept. 15	Previous
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Changes are for £100, therefore positive change denotes a weak currency.

Adjusted according to Financial Times.

## CURRENCY RATES

Sept. 16	Sept. 15	Previous
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495

©1987 The Financial Times. All rights reserved.

## CURRENCY MOVEMENTS

Sept. 16	Sept. 15	Previous
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495

Morgan Guaranty currency average 1987-1992-100. Bank of England index (base 1979-100).

## OTHER CURRENCIES

Sept. 16	Sept. 15	Previous
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495
1.490-1.495	1.490-1.495	1.490-1.495

©1987 The Financial Times. All rights reserved.

## MONEY MARKETS

## UK rates unmoved

## by good figures

INTEREST RATES were barely changed in the London money market yesterday. Better than expected PSBR and manufacturing output figures failed to create much of a response. This was partly because traders could still see little reason why interest rates were likely to move from current levels, especially now that the release of bank lending and money supply figures.

UK clearing bank base lending rate 10 per cent since August 7.

Three-month interbank money was quoted at 10 1/2-10 3/4 per cent, the same as on Tuesday while the six-month rate was also unchanged at 10 1/2-10 3/4 per cent. Overnight money continued to be in reasonable supply even though the Bank gave less help than the published shortage.

Overnight money opened at 9 1/2-9 3/4 per cent and rose to 9 3/4-10 per cent before slipping back to 9 per cent. However rates rose to a high of around 11 per cent before finishing at 10 1/2 per cent.

The Bank of England forecast a shortage of around £100m with factors affecting the market

including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £100m and a rise in the note circulation of £50m. These were partly offset by Eschequer transactions which added £170m and banks' balances brought forward £25m above target.

There was no intervention by the Bank during the morning. In the afternoon the forecast was revised to a shortage of around £150m and the Bank gave assistance of £10m through outright purchases of eligible bank bills in hand at 1 at 9 1/2 per cent. Late help came to £10m, making a total of £20m.

Economic data released included a PSBR figure for August of £750m, about half the amount expected, giving a cumulative total for this tax year of £2.4bn. UK industrial output was also better than expected, rising by 2.2 per cent in July after a 1.3 per cent fall in June. In addition manufacturing output rose a strong 1.6 per cent after just 0.1 per cent in June.

City analysts were quick to suggest that a rise in manufacturing output and lower Government borrowing were generally bullish, although some sectors of the market were still a little wary about the possibility of overheating.

## FT LONDON INTERBANK FIXING

£100 a.m. Sept. 16 3 months U.S. dollars

6 months U.S. dollars

12 months U.S. dollars

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offer rates for \$100m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are Citibank, Deutsche Bank, Paribas, and the London Interbank Association.

## MONEY RATES

## NEW YORK (Lancashire)

Prime rate 5 1/2 per cent

Banker's rate 5 1/2 per cent

3 months 5 1/2 per cent

6 months 5 1/2 per cent

12 months 5 1/2 per cent

18 months 5 1/2 per cent

24 months 5 1/2 per cent

36 months 5 1/2 per cent

48 months 5 1/2 per cent

60 months 5 1/2 per cent

72 months 5 1/2 per cent

84 months 5 1/2 per cent

96 months 5 1/2 per cent

108 months 5 1/2 per cent

120 months 5 1/2 per cent

132 months 5 1/2 per cent

144 months 5 1/2 per cent

156 months 5 1/2 per cent

168 months 5 1/2 per cent

180 months 5 1/2 per cent

192 months 5 1/2 per cent

204 months 5 1/2 per cent

216 months 5 1/2 per cent

228 months 5 1/2 per cent

240 months 5 1/2 per cent

252 months 5 1/2 per cent

264 months 5 1/2 per cent

276 months 5 1/2 per cent

288 months 5 1/2 per cent

300 months 5 1/2 per cent

312 months 5 1/2 per cent

324 months 5 1/2 per cent

336 months 5 1/2 per cent

348 months 5 1/2 per cent

360 months 5 1/2 per cent

372 months 5 1/2 per cent

384 months 5 1/2 per cent

396 months 5 1/2 per cent

408 months 5 1/2 per cent

420 months 5 1/2 per cent

432 months 5 1/2 per cent

444 months 5 1/2 per cent

456 months 5 1/2 per cent

468 months 5 1/2 per cent

480 months 5 1/2 per cent

492 months 5 1/2 per cent

504 months 5 1/2 per cent

516 months 5 1/2 per cent

528 months 5 1/2 per cent

540 months 5 1/2 per cent

552 months 5 1/2 per cent

564 months 5 1/2 per cent

576 months 5 1/2 per cent

588 months 5 1/2 per cent

600 months 5 1/2 per cent

## FINANCIAL FUTURES

## Gilts fail to respond

BETTER THAN expected economic data failed to give gilt prices a boost in the London International Financial Futures Exchange yesterday. UK PSBR figures for August were about half the amount expected at £750m while the total for this tax year of £2.4bn was also encouraging. Industrial production rose by 2.2 per cent and manufacturing output was higher by a significant 1.6 per cent.

However, the gilt market failed to react to this as a sign of domestic output growing to meet domestic demand since it had other factors to influence trading. There was inevitably some comments about the economy in danger of overheating and higher interest rates but much of the day's trading appeared to be influenced by the bloodbath which continued to undermine US bonds.

The December gilt price opened at 114.00, down from 114.04 on Tuesday and improved initially to 114.03 before slipping away to trade at 114.23-27 for much of the morning. The range widened to 113.20-28 ahead of the figures and although an initial response took values back up to 114.05, there was no follow through and a weaker opening in US bond markets soon reversed the firmer trend. It closed at 113.27. Traders were still focusing their attention on tomorrow's UK money supply.

US Treasury bonds were lower in response to bad trade figures. Tuesday's record deficit seen in the second quarter only served to underline the previous week's announcement of a record monthly deficit in July. The authorities' apparent lack of direction gave further rise for concern and the prospects of higher interest rates caused a real scare. The December price opened at 82.02 down from 82.23 and finished at the day's low of 81.16.

Estimated volume total, Cals 1,100 Pms 1,200

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1,150

Previous day's open, Cals 1,050 Pms 1

## WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 16 1987				TUESDAY SEPTEMBER 15 1987				DOLLAR INDEX			
	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	Gross Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year Ago	(Approx)
Figures in parentheses show number of stocks per grouping												
Australia (93)	177.28	+2.7	159.72	160.83	2.32	172.67	155.85	157.22	177.28	99.92	78.80	
Austria (16)	98.26	+0.1	88.53	92.53	2.23	98.15	88.60	92.50	101.62	82.53	94.20	
Belgium (49)	128.90	-1.3	115.60	119.60	2.32	129.93	117.56	121.12	134.89	96.19	90.48	
Canada (129)	134.95	-0.4	121.59	128.79	2.32	135.54	122.35	129.07	141.78	100.00	97.11	
Denmark (38)	109.46	-0.1	103.88	109.46	2.59	115.46	104.22	109.85	124.83	96.18	95.24	
France (121)	113.96	-0.4	102.68	108.20	2.61	114.45	103.30	108.75	122.82	92.59	92.24	
Hong Kong (92)	102.09	-1.2	91.36	96.36	1.94	103.28	93.22	97.48	104.93	84.00	92.52	
Italy (14)	142.15	+0.1	128.08	135.57	3.30	142.00	128.17	135.60	145.49	99.50	85.97	
Japan (176)	86.38	+2.4	77.83	84.45	2.16	84.33	76.12	82.51	112.11	84.22	99.48	
Malaysia (36)	142.35	-0.4	128.25	129.88	2.32	142.88	129.88	130.05	161.28	99.63	91.63	
Mexico (14)	378.84	-1.1	341.33	368.49	0.47	394.87	352.42	363.78	422.59	97.72	57.53	
Netherlands (37)	124.85	-0.8	112.49	116.39	3.86	125.88	113.62	117.23	131.41	97.65	96.58	
New Zealand (24)	137.74	+1.3	124.14	129.25	2.58	136.01	123.71	126.91	137.74	100.00	70.73	
Norway (21)	178.30	+0.0	160.65	160.69	1.70	178.26	160.90	160.90	179.04	100.00	105.88	
Singapore (27)	168.40	-1.2	151.73	162.35	1.51	170.45	153.85	164.40	174.28	99.29	89.36	
South Africa (61)	182.46	-0.3	164.70	162.76	1.65	185.29	165.26	165.26	208.09	100.00	102.52	
Spain (45)	154.35	+1.2	140.33	148.34	2.61	162.72	146.68	149.90	164.65	100.00	94.97	
Sweden (33)	130.33	-0.2	117.43	123.00	1.88	130.58	117.87	123.38	132.10	99.85	96.67	
Switzerland (53)	108.75	-0.5	97.98	101.50	1.64	109.26	98.62	101.98	110.00	92.01	91.98	
United Kingdom (333)	153.87	+0.8	138.64	138.64	2.85	153.87	138.64	138.64	153.87	100.00	94.63	
USA (586)	128.74	-0.9	116.00	128.74	2.85	129.87	117.23	129.87	137.42	100.00	96.50	
Europe (929)	126.90	+0.3	114.33	117.38	2.82	126.56	114.24	117.20	128.36	99.78	94.71	
Pacific Basin (663)	143.78	-0.3	129.55	131.44	0.68	144.15	130.11	131.51	158.77	100.00	92.49	
Asia-Pacific (1612)	137.09	-0.1	123.52	125.79	1.46	137.18	123.82	125.79	143.65	100.00	93.37	
North America (715)	129.07	-0.8	116.49	122.77	2.85	130.17	117.50	122.85	137.25	100.00	96.53	
Europe Ex. UK (594)	161.59	+1.1	145.54	150.94	2.35	161.59	145.54	150.94	161.59	100.00	78.12	
World Ex. US (1816)	137.66	-0.1	124.03	126.31	1.51	137.78	124.36	126.30	143.48	100.00	93.58	
World Ex. UK (1009)	132.23	-0.5	119.14	122.77	1.50	132.23	119.14	122.77	132.23	100.00	94.63	
World Ex. SA, AM, CM (2241)	130.27	-0.4	117.37	126.19	2.80	130.76	118.03	126.12	134.05	100.00	95.21	
The World Index (2402)	134.16	-0.4	120.88	127.42	2.01	134.67	121.55	127.82	139.73	100.00	94.70	

Base values: Dec 31, 1986 = 100

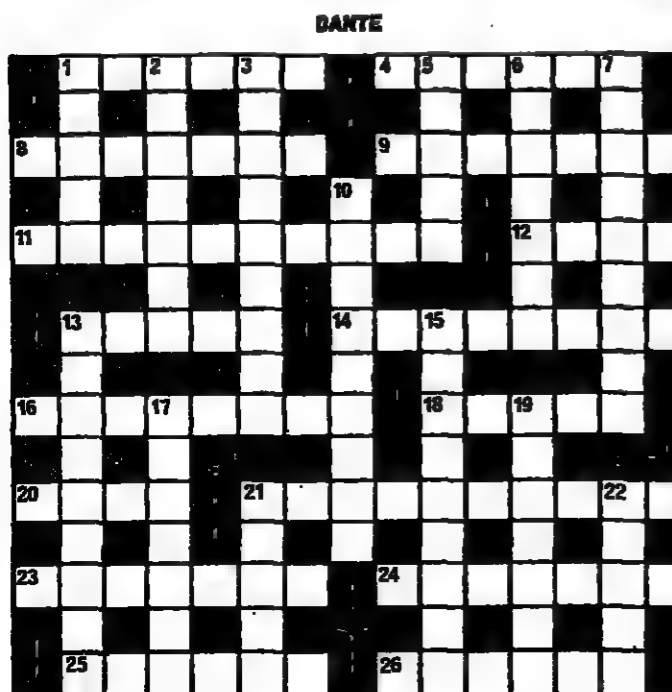
Copyright: The Financial Times, Goldman, Sachs &amp; Co., Wood Mackenzie &amp; Co. Ltd. 1987

## EUROPEAN OPTIONS EXCHANGE

Series	Vol.	Last	Vol.	Last	Vol.	Last	Vol.	Last
GOLD C	940	8.50	100	8.50	100	8.50	100	8.50
GOLD D	940	8.50	100	8.50	100	8.50	100	8.50
GOLD E	940	8.50	100	8.50	100	8.50	100	8.50
SILVER C	940	1.70	100	1.70	100	1.70	100	1.70
SILVER D	940	1.70	100	1.70	100	1.70	100	1.70
SILVER E	940	1.70	100	1.70	100	1.70	100	1.70
SILVER F	940	1.70	100	1.70	100	1.70	100	1.70
SILVER G	940	1.70	100	1.70	100	1.70	100	1.70
SILVER H	940	1.70	100	1.70	100	1.70	100	1.70
SILVER I	940	1.70	100	1.70	100	1.70	100	1.70
SILVER J	940	1.70	100	1.70	100	1.70	100	1.70
SILVER K	940	1.70	100	1.70	100	1.70	100	1.70
SILVER L	940	1.70	100	1.70	100	1.70	100	1.70
SILVER M	940	1.70	100	1.70	100	1.70	100	1.70
SILVER N	940	1.70	100	1.70	100	1.70	100	1.70
SILVER O	940	1.70	100	1.70	100	1.70	100	1.70
SILVER P	940	1.70	100	1.70	100	1.70	100	1.70
SILVER Q	940	1.70	100	1.70	100	1.70	100	1.70
SILVER R	940	1.70	100	1.70	100	1.70	100	1.70
SILVER S	940	1.70	100	1.70	100	1.70	100	1.70
SILVER T	940	1.70	100	1.70	100	1.70	100	1.70
SILVER U	940	1.70	100	1.70	100	1.70	100	1.70
SILVER V	940	1.70	100	1.70	100	1.70	100	1.70
SILVER W	940	1.70	100	1.70	100	1.70	100	1.70
SILVER X	940	1.70	100	1.70	100	1.70	100	1.70
SILVER Y	940	1.70	100	1.70	100	1.70	100	1.70
SILVER Z	940	1.70	100	1.70	100	1.70	100	1.70

Series	Vol.	Last	Vol.	Last	Vol.	Last	Vol.	Last
ABN C	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN D	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN E	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN F	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN G	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN H	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN I	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN J	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN K	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN L	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN M	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN N	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN O	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN P	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN Q	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN R	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN S	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN T	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN U	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN V	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN W	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN X	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN Y	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95
ABN Z	14.9	2.95	1.0	2.95	1.0	2.95	1.0	2.95

## FT CROSSWORD PUZZLE NO. 6,432



- ACROSS**
- Do wrong from start to finish (6)
  - Aircraft seen in desert? (6)
  - Perform successfully (7)
  - Pitch of the roof? (7)
  - Generally speaking, any garbled version will do (2,3,5)
  - Where barriers get refreshers? (4)
  - Spoke in the plural? (5)
  - Mental mien? (8)
  - Not a very bright lot, but sturdy (8)
  - Turning point for an oarsman (5)
  - Leave with uncle (4)
  - Watching what one says? (3-7)
  - Concentration points to sound state of mind? (7)
  - Anxiety caused by sea mail going astray? (7)
  - Untidy little beasts (6)
  - A pop song creature (6)
- DOWN**
- Nothing to cry about, holding last letter of authors? (5)
  - Adopted a new feeding arrangement? (7)
  - Strange things to join together in works of fiction (9)
  - Children's edition (5)
  - His mate turns with disbelief? (7)
  - Wild rose in elegant form (9)
  - A model of originality (9)
  - What the listener does in actual practice (9)
  - Remote and out-of-the-way landmark of Paris (5,4)
  - An idea of self-importance (7)
  - Sea-lord orders trials? (7)
  - Notice many in with money (9)
  - Alan's unusual manner of speaking? (5)
- Solution to Puzzle No. 6,431**
- COSHER COMPOSED  
A O N V A W O  
LOUVER PEARMAIN  
P E L I U R T I A  
Y E L I C A N S I G N E T  
C A M P I S O  
O O D S P O S T M A S T E R  
L S U E N A  
S W E E T E N I N G C R O W  
R O C K P O R  
A N T H R O P I C L I K E W I S E  
M O D E R N I S T  
T E R R I B L E S F I N I S T  
L S N O S S H  
L O N G A T E C H A S T E

## BASE LENDING RATES

ABN Bank	1%	Chatterhouse Bank	2%	Met. Bk. of Hawaii	1%
Adams & Company	2%	Citibank, NA	2%	MetWestIndoor	2%
Alfred Arabi Bk. Ltd.	2%	Citic Bank	2%	MetBanks Bank Ltd.	2%
Alfred Dunbar & Co.	2%	Clydebank Bank	2%	MetFinch Bank	2%
Alfred Wise Bank	2%	Com. Bk. of Eng.	2%	MetHawaii Gen. Trust	2%
American Exp. Bk.	2%	Com. Bk. of Ind.	2%	MetHawaii Ind. Trust	2%
Avon Bank	2%	Com. Bk. of Scot.	2%	MetHawaii Ind. Trust	2%
Barclays Bank	2%	Com. Bk. of Switz.	2%	MetHawaii Ind. Trust	2%
Bank of America	2%	Cyprus Popular Bk.	2%	MetHawaii Ind. Trust	2%
Bank of China	2%	Danubio Bank	2%	MetHawaii Ind. Trust	2%
Bank of India	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of Japan	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of Korea	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of Malaysia	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of New Zealand	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of Norway	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of Sweden	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of Switzerland	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of Taiwan	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of Thailand	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Philippines	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of China	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Korea	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Singapore	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Vietnam	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Yemen	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zanzibar	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zimbabwe	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zambia	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	2%
Bank of the Republic of Zaire	2%	Deutsche Bank	2%	MetHawaii Ind. Trust	

هكذا عنه الأصل

[illegible]





## LONDON SHARE SERVICE

**AMERICANS—Continued**[illegible]

## CANADIANS

[illegible]**S. HP & LEASING**[illegible]**WINES & SPIRITS**

471	Allen-Lewis	430	14	31.4	37	141
571	Allen-Lewis	430	14	31.4	37	141
572	Baker	430	14	31.4	37	141
573	Baker	430	14	31.4	37	141
574	Bodden	430	14	31.4	37	141
575	Bodden	430	14	31.4	37	141
576	Bodden	430	14	31.4	37	141
577	Bodden	430	14	31.4	37	141
578	Bodden	430	14	31.4	37	141
579	Bodden	430	14	31.4	37	141
580	Bodden	430	14	31.4	37	141
581	Bodden	430	14	31.4	37	141
582	Bodden	430	14	31.4	37	141
583	Bodden	430	14	31.4	37	141
584	Bodden	430	14	31.4	37	141
585	Bodden	430	14	31.4	37	141
586	Bodden	430	14	31.4	37	141
587	Bodden	430	14	31.4	37	141
588	Bodden	430	14	31.4	37	141
589	Bodden	430	14	31.4	37	141
590	Bodden	430	14	31.4	37	141
591	Bodden	430	14	31.4	37	141
592	Bodden	430	14	31.4	37	141
593	Bodden	430	14	31.4	37	141
594	Bodden	430	14	31.4	37	141
595	Bodden	430	14	31.4	37	141
596	Bodden	430	14	31.4	37	141
597	Bodden	430	14	31.4	37	141
598	Bodden	430	14	31.4	37	141
599	Bodden	430	14	31.4	37	141
600	Bodden	430	14	31.4	37	141

## BUILDING. TIMBER. ROADS

460	460	AMC Sds	398	1120	32	42	145
461	461	Amey	398	1120	32	42	145
462	462	Amey	398	1120	32	42	145
463	463	Amey	398	1120	32	42	145
464	464	Amey	398	1120	32	42	145
465	465	Amey	398	1120	32	42	145
466	466	Amey	398	1120	32	42	145
467	467	Amey	398	1120	32	42	145
468	468	Amey	398	1120	32	42	145
469	469	Amey	398	1120	32	42	145
470	470	Amey	398	1120	32	42	145
471	471	Amey	398	1120	32	42	145
472	472	Amey	398	1120	32	42	145
473	473	Amey	398	1120	32	42	145
474	474	Amey	398	1120	32	42	145
475	475	Amey	398	1120	32	42	145
476	476	Amey	398	1120	32	42	145
477	477	Amey	398	1120	32	42	145
478	478	Amey	398	1120	32	42	145
479	479	Amey	398	1120	32	42	145
480	480	Amey	398	1120	32	42	145
481	481	Amey	398	1120	32	42	145
482	482	Amey	398	1120	32	42	145
483	483	Amey	398	1120	32	42	145
484	484	Amey	398	1120	32	42	145
485	485	Amey	398	1120	32	42	145
486	486	Amey	398	1120	32	42	145
487	487	Amey	398	1120	32	42	145
488	488	Amey	398	1120	32	42	145
489	489	Amey	398	1120	32	42	145
490	490	Amey	398	1120	32	42	145
491	491	Amey	398	1120	32	42	145
492	492	Amey	398	1120	32	42	145
493	493	Amey	398	1120	32	42	145
494	494	Amey	398	1120	32	42	145
495	495	Amey	398	1120	32	42	145
496	496	Amey	398	1120	32	42	145
497	497	Amey	398	1120	32	42	145
498	498	Amey	398	1120	32	42	145
499	499	Amey	398	1120	32	42	145
500	500	Amey	398	1120	32	42	145

## BUILDING, TIMBER,

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## RABERY AND STORE

[illegible]

### DRAPERY AND STORES—Cont.

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING—Continued

[illegible]

## INDUSTRIALS—Continued

PK	High	Low	Bank	Price	Chg	W
254	139	129	AIR 100	223	6.0	21
255	139	140	S&P 500	219	16.0	24
256	139	140	Amersham (Biosci) 100	225	18.0	24
257	139	140	Amersham (Biosci) 50	225	18.0	24
258	139	140	Amersham (Biosci) 25	225	18.0	24
259	139	140	Amersham (Biosci) 12.5	225	18.0	24
260	139	140	Amersham (Biosci) 6.25	225	18.0	24
261	139	140	Amersham (Biosci) 3.125	225	18.0	24
262	139	140	Amersham (Biosci) 1.5625	225	18.0	24
263	139	140	Amersham (Biosci) 0.78125	225	18.0	24
264	139	140	Amersham (Biosci) 0.390625	225	18.0	24
265	139	140	Amersham (Biosci) 0.1953125	225	18.0	24
266	139	140	Amersham (Biosci) 0.09765625	225	18.0	24
267	139	140	Amersham (Biosci) 0.048828125	225	18.0	24
268	139	140	Amersham (Biosci) 0.0244140625	225	18.0	24
269	139	140	Amersham (Biosci) 0.01220703125	225	18.0	24
270	139	140	Amersham (Biosci) 0.006103515625	225	18.0	24
271	139	140	Amersham (Biosci) 0.0030517578125	225	18.0	24
272	139	140	Amersham (Biosci) 0.00152587890625	225	18.0	24
273	139	140	Amersham (Biosci) 0.000762939453125	225	18.0	24
274	139	140	Amersham (Biosci) 0.0003814697265625	225	18.0	24
275	139	140	Amersham (Biosci) 0.00019073486328125	225	18.0	24
276	139	140	Amersham (Biosci) 0.000095367431640625	225	18.0	24
277	139	140	Amersham (Biosci) 0.0000476837158203125	225	18.0	24
278	139	140	Amersham (Biosci) 0.00002384185791015625	225	18.0	24
279	139	140	Amersham (Biosci) 0.000011920928955078125	225	18.0	24
280	139	140	Amersham (Biosci) 0.0000059604644775390625	225	18.0	24
281	139	140	Amersham (Biosci) 0.00000298023223876953125	225	18.0	24
282	139	140	Amersham (Biosci) 0.000001490116119384765625	225	18.0	24
283	139	140	Amersham (Biosci) 0.0000007450580596923828125	225	18.0	24
284	139	140	Amersham (Biosci) 0.00000037252902984619140625	225	18.0	24
285	139	140	Amersham (Biosci) 0.000000186264514923095703125	225	18.0	24
286	139	140	Amersham (Biosci) 0.0000000931322574615478515625	225	18.0	24
287	139	140	Amersham (Biosci) 0.00000004656612873077392578125	225	18.0	24
288	139	140	Amersham (Biosci) 0.000000023283064365386962890625	225	18.0	24
289	139	140	Amersham (Biosci) 0.0000000116415321826934814453125	225	18.0	24
290	139	140	Amersham (Biosci) 0.00000000582076609134674072265625	225	18.0	24
291	139	140	Amersham (Biosci) 0.000000002910383045673370361328125	225	18.0	24
292	139	140	Amersham (Biosci) 0.0000000014551915228366851805640625	225	18.0	24
293	139	140	Amersham (Biosci) 0.00000000072759576141834259028203125	225	18.0	24
294	139	140	Amersham (Biosci) 0.000000000363797880709171295141015625	225	18.0	24
295	139	140	Amersham (Biosci) 0.0000000001818989403545855975705078125	225	18.0	24
296	139	140	Amersham (Biosci) 0.00000000009094947017729279878525390625	225	18.0	24
297	139	140	Amersham (Biosci) 0.000000000045474735088646399392626953125	225	18.0	24
298	139	140	Amersham (Biosci) 0.0000000000227373675443231996963134765625	225	18.0	24
299	139	140	Amersham (Biosci) 0.00000000001136868377216159984815673828125	225	18.0	24
3						

**INDUSTRIALS—Continued**

[illegible]

**FOOD PROCESSING**

[illegible]

523	Western Coal DFS	523	.....	QUL5%	2.5	2.6
-----	------------------	-----	-------	-------	-----	-----

[illegible]

1987-1988

INSURANCES									
325	271	Alley Life Sp.	376						
326	272	Alley Life & Annuity	377	65.00	1				
327	273	Do. Life & Annuity	378	65.00	1				
328	274	Alley Life & Annuity	379	65.00	1				
329	275	Alley Life & Annuity	380	65.00	1				
330	276	Alley Life & Annuity	381	65.00	1				
331	277	Alley Life & Annuity	382	65.00	1				
332	278	Alley Life & Annuity	383	65.00	1				
333	279	Alley Life & Annuity	384	65.00	1				
334	280	Alley Life & Annuity	385	65.00	1				
335	281	Alley Life & Annuity	386	65.00	1				
336	282	Alley Life & Annuity	387	65.00	1				
337	283	Alley Life & Annuity	388	65.00	1				
338	284	Alley Life & Annuity	389	65.00	1				
339	285	Alley Life & Annuity	390	65.00	1				
340	286	Alley Life & Annuity	391	65.00	1				
341	287	Alley Life & Annuity	392	65.00	1				
342	288	Alley Life & Annuity	393	65.00	1				
343	289	Alley Life & Annuity	394	65.00	1				
344	290	Alley Life & Annuity	395	65.00	1				
345	291	Alley Life & Annuity	396	65.00	1				
346	292	Alley Life & Annuity	397	65.00	1				
347	293	Alley Life & Annuity	398	65.00	1				
348	294	Alley Life & Annuity	399	65.00	1				
349	295	Alley Life & Annuity	400	65.00	1				
350	296	Alley Life & Annuity	401	65.00	1				
351	297	Alley Life & Annuity	402	65.00	1				
352	298	Alley Life & Annuity	403	65.00	1				
353	299	Alley Life & Annuity	404	65.00	1				
354	300	Alley Life & Annuity	405	65.00	1				
355	301	Alley Life & Annuity	406	65.00	1				
356	302	Alley Life & Annuity	407	65.00	1				
357	303	Alley Life & Annuity	408	65.00	1				
358	304	Alley Life & Annuity	409	65.00	1				
359	305	Alley Life & Annuity	410	65.00	1				
360	306	Alley Life & Annuity	411	65.00	1				
361	307	Alley Life & Annuity	412	65.00	1				
362	308	Alley Life & Annuity	413	65.00	1				
363	309	Alley Life & Annuity	414	65.00	1				
364	310	Alley Life & Annuity	415	65.00	1				
365	311	Alley Life & Annuity	416	65.00	1				
366	312	Alley Life & Annuity	417	65.00	1				
367	313	Alley Life & Annuity	418	65.00	1				
368	314	Alley Life & Annuity	419	65.00	1				
369	315	Alley Life & Annuity	420	65.00	1				
370	316	Alley Life & Annuity	421	65.00	1				
371	317	Alley Life & Annuity	422	65.00	1				
372	318	Alley Life & Annuity	423	65.00	1				
373	319	Alley Life & Annuity	424	65.00	1				
374	320	Alley Life & Annuity	425	65.00	1				
375	321	Alley Life & Annuity	426	65.00	1				
376	322	Alley Life & Annuity	427	65.00	1				
377	323	Alley Life & Annuity	428	65.00	1				
378	324	Alley Life & Annuity	429	65.00	1				
379	325	Alley Life & Annuity	430	65.00	1				
380	326	Alley Life & Annuity	431	65.00	1				
381	327	Alley Life & Annuity	432	65.00	1				
382	328	Alley Life & Annuity	433	65.00	1				
383	329	Alley Life & Annuity	434	65.00	1				
384	330	Alley Life & Annuity	435	65.00	1				
385	331	Alley Life & Annuity	436	65.00	1				
386	332	Alley Life & Annuity	437	65.00	1				
387	333	Alley Life & Annuity	438	65.00	1				
388	334	Alley Life & Annuity	439	65.00	1				
389	335	Alley Life & Annuity	440	65.00	1				
390	336	Alley Life & Annuity	441	65.00	1				
391	337	Alley Life & Annuity	442	65.00	1				
392	338	Alley Life & Annuity	443	65.00	1				
393	339	Alley Life & Annuity	444	65.00	1				
394	340	Alley Life & Annuity	445	65.00	1				
395	341	Alley Life & Annuity	446	65.00	1				
396	342	Alley Life & Annuity	447	65.00	1				
397	343	Alley Life & Annuity	448	65.00	1				
398	344	Alley Life & Annuity	449	65.00	1				
399	345	Alley Life & Annuity	450	65.00	1				
400	346	Alley Life & Annuity	451	65.00	1				
401	347	Alley Life & Annuity	452	65.00	1				
402	348	Alley Life & Annuity	453	65.00	1				
403	349	Alley Life & Annuity	454	65.00	1				
404	350	Alley Life & Annuity	455	65.00	1				
405	351	Alley Life & Annuity	456	65.00	1				
406	352	Alley Life & Annuity	457	65.00	1				
407	353	Alley Life & Annuity	458	65.00	1				
408	354	Alley Life & Annuity	459	65.00	1				
409	355	Alley Life & Annuity	460	65.00	1				
410	356	Alley Life & Annuity	461	65.00	1				
411	357	Alley Life & Annuity	462	65.00	1				
412	358	Alley Life & Annuity	463	65.00	1				
413	359	Alley Life & Annuity	464	65.00	1				
414	360	Alley Life & Annuity	465	65.00	1				
415	361	Alley Life & Annuity	466	65.00	1				
416	362	Alley Life & Annuity	467	65.00	1				
417	363	Alley Life & Annuity	468	65.00	1				
418	364	Alley Life & Annuity	469	65.00	1				
419	365	Alley Life & Annuity	470	65.00	1				
420	366	Alley Life & Annuity	471	65.00	1				
421	367	Alley Life & Annuity	472	65.00	1				
422	368	Alley Life & Annuity	473	65.00	1				
423	369	Alley Life & Annuity	474	65.00	1				
424	370	Alley Life & Annuity	475	65.00	1				
425	371	Alley Life & Annuity	476	65.00	1				
426	372	Alley Life & Annuity	477	65.00	1				
427	373	Alley Life & Annuity	478	65.00	1				
428	374	Alley Life & Annuity	479	65.00	1				
429	375	Alley Life & Annuity	480	65.00	1				
430	376	Alley Life & Annuity	481	65.00	1				
431	377	Alley Life & Annuity	482	65.00	1				
432	378	Alley Life & Annuity	483	65.00	1				
433	379	Alley Life & Annuity	484	65.00	1				
434	380	Alley Life & Annuity	485	65.00	1				
435	381	Alley Life & Annuity	486	65.00	1				
436	382	Alley Life & Annuity	487	65.00	1				
437	383	Alley Life & Annuity	488	65.00	1				
438	384	Alley Life & Annuity	489	65.00	1				
439	385	Alley Life & Annuity	490	65.00	1				
440	386	Alley Life & Annuity	491	65.00	1				
441	387	Alley Life & Annuity	492	65.00	1				
442	388	Alley Life & Annuity	493	65.00	1				
443	389	Alley Life & Annuity	494	65.00	1				
444	390	Alley Life & Annuity	495	65.00	1				
445	391	Alley Life & Annuity	496	65.00	1				
446	392	Alley Life & Annuity	497	65.00	1				
447	393	Alley Life & Annuity	498	65.00	1				
448	394	Alley Life & Annuity	499	65.00	1				
449	395	Alley Life & Annuity	500	65.00	1				
450	396	Alley Life & Annuity	501	65.00	1				
451	397	Alley Life & Annuity	502	65.00	1				
452	398	Alley Life & Annuity	503	65.00	1				
453	399	Alley Life & Annuity	504	65.00	1				
454	400	Alley Life & Annuity	505	65.00	1				
455	401	Alley Life & Annuity	506	65.00	1				
456	402	Alley Life & Annuity	507	65.00	1				
457	403	Alley Life & Annuity	508	65.00	1				
458	404	Alley Life & Annuity	509	65.00	1				
459	405	Alley Life & Annuity	510	65.00	1				
460	406	Alley Life & Annuity	511	65.00	1				
461	407	Alley Life & Annuity	512	65.00	1				
462	408	Alley Life & Annuity	513	65.00	1				
463	409	Alley Life & Annuity	514	65.00	1				
464	410	Alley Life & Annuity	515	65.00	1				
465	411	Alley Life & Annuity	516	65.00	1				
466	412	Alley Life & Annuity	517	65.00	1				
467	413	Alley Life & Annuity	518	65.00	1				
468	414	Alley Life & Annuity	519	65.00	1				
469	415	Alley Life & Annuity	520	65.00	1				
470	416	Alley Life & Annuity	521	65.00	1				
471	417	Alley Life & Annuity	522	65.00	1				
472	418	Alley Life & Annuity	523	65.00	1				
473	419	Alley Life & Annuity	524	65.00	1				
474	420	Alley Life & Annuity	525	65.00	1				
475	421	Alley Life & Annuity	526	65.00	1				
476	422	Alley Life & Annuity	527	65.00	1				
477	423	Alley Life & Annuity	528	65.00	1				
478	424	Alley Life & Annuity	529	65.00	1				
479	425	Alley Life & Annuity	530	65.00	1				
480	426	Alley Life & Annuity	531	65.00	1				
481	427	Alley Life & Annuity	532	65.00	1				
482	428	Alley Life & Annuity	533	65.00	1				
483	429	Alley Life & Annuity	534	65.00	1				
484	430	Alley Life & Annuity	535	65.00	1				
485	431	Alley Life & Annuity	536	65.00	1				
486	432	Alley Life & Annuity	537	65.00	1				
487	433	Alley Life & Annuity	538	65.00	1				
488	434	Alley Life & Annuity	539	65.00	1				
489	435	Alley Life & Annuity	540	65.00	1				
490	436	Alley Life & Annuity	541	65.00	1				
491	437	Alley Life & Annuity	542	65.00	1				
492	438	Al							

## 35

35

# Good economic news lifts equity leaders and index closes 15.3 up at session's highest

there was little straight business. Traders were content to await tomorrow's monetary statistics before making any major commitments. The success of yesterday's trading could depend on these figures. Closing prices changes were minimal and usually confined to the index-linked area.

Cents Viyella were the focal point among drapery counters, rising 18 to 373p as the interim results exceeded all but the most outrageous market estimates.

The excellent figures led City

analysts to quickly revise their profit forecasts for the full year. \$2W, for example, expressed confidence about the group's future prospects and now anticipate pre-tax profits around the \$230m mark. The securities house recommended clients to purchase Coats' shares "for international growth," highlighting the group's discount to the sector average.

Guinness Peak continued to attract a substantial business. New Zealand's Equiptecorp announced it had increased its offer from 110p a share to 115p a share. The same day, the company revealed an increased stake in Guinness Peak to 39.3 per cent, having acquired 11.9m Guinness Peak shares from original holders from Forstmann-Leff. Activity was boosted when it was announced that Ronald Maswell had bought 8.1m shares (or 2.57 per cent of Guinness Peak) which added to a holding of just below 1 per cent lifted his total stake to around 3.5 per cent. Guinness Peak's board would not be expected to ease its close to 130p share price after a turnover of 10.9m shares.

The British and Commonwealth financial services group headed by Mr John Gunn, were unchanged at 487p following news that the wholesale broking operations of the newly-acquired Mercantile House business are now the subject of a possible takeover battle.

The businesses—comprising Marshalls money broking and Williams Street fixed interest broking activities—were originally scheduled to be sold to Mr Gary Kleesch's Quadrex. Yesterday, however, rival Canadian group CIBC offered the same terms of £280m cash plus an additional sweetener of 10p cash per share to

**Mercantile shareholders on their acceptance of the bid from British and Commonwealth, providing the wholesale banking operations are sold to them. Crownx is still sitting on some 15 per cent of the Mercantile House equity.**

Apart from Guinness Peat the merchant bank sector was additionally highlighted by the late burst of strength in Morgan Grenfell which jumped from around 540p to 564p in a matter of minutes as a rumour swept markets that insurance broking group Willis Faber had sold its 20.6 per cent stake to Security Pacific; Morgan shares later eased to close a net 21 higher at 861p; Willis later denied

471p and S. & W. Beristard 3 to 358p. Bernard Matthews, dull on Tuesday after poor figures, rallied 6 to 136p, but Chambers and Farquas encountered profit-taking in the wake of the recent good rise and settled 15 lower at 150p.

Grand Metropolitan benefited from an analysts' meeting and reports of a broker's recommendation to close 17 higher at 561p.

Contrasting trading statements prompted several outstanding movements among miscellaneous industrials. Hollis was the sector's firm favorite, rising 17 to 145 1/2 in reply to more-than-trebled half-year profits. On the other hand, disappointing figures left Eridon down at 186p and J. Hewitt 5 down at 213p. Kalon's results were also deemed below par and the price settled 8 1/2c cheaper at 43 1/2p. Elsewhere, the market was mixed, with where, Feedex attracted good support and rose 11 to 69p, but Keeneland Trust shed 25 to 603p and Falconair lost 7 at 98p following profit-taking.

Recent high-flyer Spectrum continued to trade actively in the wake of Tuesday's announcement that Mr Neil Scott, former chairman of Owners Abroad, and his associates had acquired a 22 per cent stake in the company and the price touched 138p prior to closing unchanged at 128p. Miss Worland hardened a couple of pence at 230p following the half-yearly figures.

Business in the Property sector was relatively thin, but prices moved higher where altered. Lane Securities were 6 dearer at 600p, and Peachey 9 up at 452p, while British Land hardened a few pence to 337p. Outside the leaders, Glentree rose 10 to 145p, and Birvin moved up 6 to 186p. Parkdale found support at 203p, up 8

Mersey Docks and Harbour, the premier trading stock in the Shipping sector of late, leapt another 56 to 345p following the disclosure that Peel Holdings now controls just over 10 per cent of the equity. Charterhouse Tilney, whilst cautious over any possible setback in the proposed redevelopment of the Princes and Waterloo docks, still rate the shares as a

**LOWES FOR 1987**

SHOES (1), TEXTILES (4), TRUSTS (15), PLANTATIONS (1), WINES (24)  
THIRD MARKET (1)

**NEW LOWS (4)**

AMERICANS (1) San Co, BANKS (1)  
Chpn. Hbnc, INDUSTRIALS (1) Rural  
Planning, PROPERTY (1) Slough Es  
1244p.c.l.

These Indices are the joint compilation of the Financial Times,  
the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS					
								1968 Sep 30	1969 Sep 15	1970 Sep 15 (approx.)		
PRICE INDICES		Wed Sep 16	Day's change %	Tue Sep 15	rd adj. today	rd adj. 1967 to date						
British Government							1	British Government				
							2	Low	8 years	9.65	9.64	9.35
							3	Coupons	15 years	9.93	9.99	9.87
							4		25 years	9.78	9.75	9.57
							5	Medium	5 years	10.39	10.37	10.35
							6	Coupons	15 years	10.20	10.17	10.20
							7		25 years	9.98	9.95	9.96
							8	High	10 years	10.67	10.66	10.65
							9	Coupons	15 years	10.38	10.34	10.37
							10		25 years	10.02	9.99	10.04
							11	Irredeemables		10.09	9.99	9.74
5 All stocks							12	Index-Linked				
							13	Inflation rate 5%	5 yrs	3.38	3.36	4.02
							14	Inflation rate 5%	Over 5 yrs	4.02	4.03	3.51
							15	Inflation rate 10%	5 yrs	3.34	3.25	3.65
							16	Inflation rate 10%	Over 5 yrs	4.02	4.02	3.54
5 Index-Linked							17	Index & Loans	5 years	11.47	11.43	10.56
							18		10 years	11.46	11.42	10.52
							19		25 years	11.44	11.42	10.95
9 Debtsecurities & Loans							20			10.09	10.06	10.07
10 Preference							21					

Option	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Allied Lines (4029)	390	36	48	60	6	15
	420	17	33	42	12	24
	460	3	17	25	45	30
						53

[illegible]

Textiles highlighted. High Mackay which rose 20 to 31 1/2, following the sharply increased inventory figures. Higher values also prevailed for K. Smallshaw, 18 1/2p, and Tomkinsons, 32 1/2p, up 35 and 20 respectively. However, dipping 7 to 6 1/2p in front of today's mid-term statement.

Buyers held away among Financials, a trend no better illustrated

their front forecasts for the first half figures which are scheduled for December. Elsewhere, **Candover** improved 35 to 335p in response to the interim results. **Enterprise Oil** came a bit higher with the market, said to be short of the stock and the share price put on 9 to 325p; **dealing** from **LASMO**—some switching from **LASMO** after

**TRADING VOLUME IN MAJOR STOCKS**

The following is based on trading volume for Alpha securities dealt through the SEAG system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	7,200	202	+4	Ludbrook	564	490	+4

Allied Lines	2,180	420	+4	Land Securities	1,100	600	+6
Armstrong	475	173	+20	Legal & General	2,700	377	+27
Anglo Corp	2,300	216	+1	Lea & Clark	1,100	129	+3
Anglo-French Foods	174	364	-1	Leisure	2,600	209	+18
BAT	1,800	669	-9	Lear	1,100	765	+4
B&W	1,000	100	+1	M&PCC	1,100	846	+24
BICC	191	415	-3	Milner & Spence	4,000	233	+1
BOC	1,100	544	-3	Mitland Bank	5,000	509	+24
BPL Inds	2,000	300	+12	National Bank	2,500	200	+1
BPC	813	262	+1	Nestle	10,000	390	+1
BTR	2,200	382	+3	Pearsons	212	799	+1
Bandys	526	578	+1	P & O	1,066	200	+1
Barrat	640	97	+15	Pickering Bros	1,700	299	+1
Bechtam	3,600	500	-2	Plessey	31,000	200	+6
Blue Circle	715	469	+1	Prindell	1,100	210	+1
Bovis	1,100	117	+11	Reckitt	4,450	790	+1
Brit. Airways	5,100	199	+2	Rank Grp	1,700	697	+2
Brit. Aero	3,300	464	-10	Reid	688	304	+1
Brit. & Comm	1,100	287	+1	Reid & Col	1,100	110	+1
British Gas	6,300	173	+2	Reliance	2,000	491	+4
British	2,800	311	+1	Reith Int'l	992	352	+4
Brit. Telecom	6,100	299	+4	Reuters	3,700	184	+1
Broad	674	229	+3	RMC	358	497	-6
Barton	446	499	-2	RNTZ	590	613	+4
Calc & Wyle	1,600	444	+2	Robt Morgan	3,000	200	+1
Canbury Supply	2,400	271	+1	Royal Scot Securities	300	961	+1
Coats Wyndes	1,100	373	+18	Scott's Insurance	2,000	299	+2
Coats Yachts	7,900	325	+1	STI	976	299	+2
Comp. Gold	2,000	214	-4	Satchell & Satchell	1,900	616	-18
Consolid	1,500	798	-6	Saxelby	2,000	271	+1
Consolid	2,200	693	+1	Saxelby & Westcliffe	2,000	995	+1
Der Camm	5,300	299	-1	Sem	10,000	166	+20
Discos Group	1,300	372	+3	Sherratt	913	276	+1
Dynafix Chem. Clays	1,100	310	+1	Sherratt & Sherratt	1,100	276	+1
Flint	3,800	377	+3	Sixth & Highgate	1,000	181	+2
Gen. Accident	256	810	+6	Sixth & Nichols	2,200	825	+3
Gen. Elect	3,200	210	+1	Sixth & Nichols	2,200	825	+3
Glaxo	660	617	+6	Sonafinance	320	613	+2
Glaxo Investment	142	178	+9	T&S	1,600	149	-6
Granada	1,100	310	+1	Tennant	2,000	200	+1
Grand Met	4,100	561	+17	Tennant	5,400	125	+1
GUS "A"	267	215	+6	Thorn EMI	646	660	-1
Gusden R.E.	1,100	504	+10	Thorn EMI	413	379	-3
SHI	389	363	-1	Thorn EMI	1,000	256	+2
Refiners	5,900	375	-3	Thorn EMI	1,000	276	+1
Hammerbrook	573	335	-1	Thorn EMI	1,000	276	+1
Harrods Food	2,300	677	-9	Thorn EMI	1,000	276	+1
Hayward Steel	99	577	+1	Thorn EMI	1,000	276	+1
Hawdon Hires	1,260	328	+2	Thorn EMI	1,000	276	+1
ICI	1,300	559	+1	Thorn EMI	1,000	276	+1
ICI Jaguar	947	559	+1	Thorn EMI	1,000	276	+1

RISES AND FALLS YESTERDAY			
	Rises	Falls	Same
British Funds	10	75	58
Corporations, Dominion and Foreign Bonds	7	11	36
Industrials	453	444	709
Real Estate and Properties	201	128	256
Oils	26	59	49
Plantations	1	1	11
Others	49	56	87
	57	144	42
<b>Totals</b>	<b>765</b>	<b>897</b>	<b>1,246</b>

## LONDON RECENT ISSUES

EQUITIES										
Issue Price	Amount Paid %	Latest Results Date	1987		Stock	Closing Price	+ or -	Nat. Div.	Gross Yield	P.E. Ratio
			High	Low						
\$210	F.P.	18/9	121	96	Adelco	111	+1	1.25	1.9	31.4
221	F.P.	18/9	121	96	Alkermes (W)	251	+5	4.25	2.9	23.0
77	TT				B&W Gold Mines ASX-25	78				
80	F.P.		108	85	*Chem. Est. Inc.	98				
950	F.P.		125	95	*Crest. Estates Prop. Sp.	83		10.75	2.4	45.5
100	F.P.	11/12	125	95	*EPM Distrib. Trns. Co.	101				
100	F.P.	25/9	114	92	*F&I Specialized Inv. Units	107				
111	TT		118	92	*Glenhouse Grp. Lp.	110	+5			42.5
111	TT		117	90	Imperial Chemicals	115	+5			
121	F.P.		154	76	Kelcom	145	+5			
6100	F.P.		145	108	*Kingsdon Oil & Gas 50p	121				
1000	F.P.		135	115	*Medicine Ltd	155	-2			
	F.P.				*Neoprene Int. Warr.	90				
	F.P.				*Parkway Sp.	253		NLS	4.2	59.9
\$310	F.P.	4/8	280	185	Portugal Fund 30.01	516				
	F.P.		120	105	*Season Holdings	120				18.2
	F.P.		118	101	Shingel & Fr. House Ltd	105				

[illegible][illegible]

# CANADA

[illegible]

## Indices

NEW YORK

NEW YORK

	Sep 16	Sep 15	Sep 14	Sep 11	Sep 10	Sep 8	1987/87		Stress Comparison	
							High	Low	High	Low
Industrials	2,538.10	2,586.34	2,613.04	2,806.74	2,576.85	2,548.27	722.42	627.33	722.42	41.22
							(2/1)	(2/1)		(2/17)
Transport	1,454.78	1,433.44	1,438.72	1,822.63	1,671.80	1,613.85	119.18	816.38	119.18	19.32
							(14/8)	(2/1)		(8/12)
Utilities	195.71	197.25	198.85	199.92	198.87	199.32	22.83	191.39	22.83	19.8
							(21/0)	(3/0)		(3/12)
Trading vol	—	135.24	154.38	179.82	178.78	184.81	—	—	—	—
				Sep 11	August 28	August 21	Year Ago (Approx)			
Ind Vol Yield %				2.63	2.58	2.62	3.87			

STANDARD AND POORS

	Sep 18	Sep 15	Sep 14	Sep 11	Sep 10	Sep 8	1987		Stress Comparison	
							High	Low	High	Low
Industrials	382.89	371.85	376.12	371.18	368.72	368.74	383.17	274.58	383.17	2.82
							(2/1)	(2/1)		(11/12)
Composites	314.85	317.34	323.88	317.13	313.82	313.82	336.77	246.45	336.77	4.48
							(2/1)	(2/1)		(11/12)
				Sep 8	Sep 2	August 26	Year Ago (Approx)			
Ind Vol Yield %				2.38	2.38	2.22	2.88			
Ind. P/E Ratio				22.84	23.23	24.18	17.78			
Long Gov Bond Yield				8.61	9.25		7.66			

N.Y.S.E. ALL COMMON

	Sep 18	Sep 15	Sep 14	Sep 11	1987			Sep 19	Sep 18	Sep 11
					High	Low				
Industrials	178.51	177.88	188.54	177.48	182.88	145.01	1,886	1,872	1,872	1,867
							418	418	418	418

BISES AND FALLS

	Sep. 26	Sep. 25	Sep. 24	Sep
--	---------	---------	---------	-----

LONDON

	Sep. 26	Sep. 25	Sep. 24	Sep. 21	1987				
					High	Low			
AUSTRALIA									
ASX 200 (C1/1987)	2274.5	2286.6	2286.0	2286.7	1423.5 (16/87)	1486.7 (20/87)			
Metals & Minerals (C1/1987)	1493.8	1493.4	1493.5	1493.1	1267.3 (14/87)	1781.1 (20/87)			
AUSTRIA									
Crude Index C1972/89	218.33	217.43	215.66	214.49	230.04 (20/87)	388.21 (19/89)			
BELGIUM									
Branco BE (C1/1984)	5142.47	5198.59	5198.48	5128.35	5415.20 (13/88)	5987.86 (9/87)			
DENMARK									
Copenhagen SE (C1/1985)	60	204.08	204.85	206.29	219.76 (27/88)	319.64 (6/87)			
FINLAND									
Unites General (C1/1973)	643.8	637.1	634.8	630.4	643.8 (16/89)	825.2 (20/87)			
FRANCE									
CAC General (C1/1983)	426.8	429.7	431.6	431.9	466.4 (28/82)	792.8 (20/87)			
Ind Yielders (C1/1984)	110.5	111.1	111.9	111.6	117.2 (28/82)	97.8 (20/87)			
GERMANY									
FAZ Index (C1/1985)	644.83	651.77	650.27	649.90	618.94 (14/87)	838.32 (19/87)			
Commercial (C1/1983)	1463.3	1457.9	1455.5	1454.90	1663.10 (17/87)	1435.8 (19/89)			
HONG KONG									
Hang Seng (C1/1974/87)	3604.64	3646.92	3649.84	3660.59	3662.50 (13/87)	2449.88 (20/87)			
ITALY									
Ind. Index Ital. (C1/1972)	601.96	598.85	598.22	605.12	767.34 (20/87)	598.85 (15/89)			
Japan									
Nikkei (C1/1984)	2996.77	3024.0	2928.29	2928.29	2928.29 (13/87)	10544.0 (13/11)			
Yokoh Spec (C1/1984)	2041.71	2041.71	2041.71	2041.71	2041.71 (13/87)	1557.46 (13/87)			
NETHERLANDS									
ARP-CBS Gen (C1/1987)	60	60	60	60	311.5	334.10 (14/88)	257.7 (20/87)		
ARP-CBS Index (C1/1979)	60	60	60	60	350.80 (11/88)	243.7 (20/87)			
NORWAY									
Oslo SE (C1/1983)	583.85	585.40	559.60	583.75	585.80 (19/87)	361.98 (20/87)			
SINGAPORE									
Strait Times (C1/1984)	1434.20	1431.35	1467.67	1466.10	1385.40 (26/89)	899.68 (20/87)			
SOUTH AFRICA									
Prime (C1/1983)	60	2280.0	2400.0	2420.0	2689.0 (19/87)	1786.0 (19/87)			

[illegible]

**LONDON**

**LONDON** (AP) — The British government has agreed to

RISES:					
Coats Viyella .....	373	+ 18	Feeder .....	69	+ 11
Comm. Union .....	388½	+ 6	Grand Met .....	561	+ 17
Electron House .....	177	+ 8	Hollis .....	145	+ 17
Enterprise Oil .....	323	+ 9	Lucas Inds .....	765	+ 16

---

V

ISITING TICINO?

The following hotels have the **FINANCIAL TIMES** available for guests

Mersey Dock Units	345	+56	Wilson Bowden	188
Morgan Grenfell	581	+21	Woolworth	356

Next	338	+18		
Pittard Garnar	372	+17	<b>FALLS:</b>	

Pessey .....	200	+ 6	Brid's Inns .....	330	- 12
Sigmes .....	125	+ 6	Brown .....	180	- 6
Smith New Court .....	245	+ 30	Cane Gold Fields .....	234½	- 7
Stewart Wrightson .....	355	+ 11	Kleinwort Benson .....	526	- 13
Stagbar Jute .....	170	+ 38	Travis & Arnold .....	407	- 9
Unigate .....	380	+ 12	Warrington (Thos) .....	180	- 8

**MONTREUX,  
VEVEY AREA?**

The following hotels have the **FINANCIAL TIMES** available for guests

**CONTINENTAL LAUSANNE,**

LE MIRADOR et COUNTRY CLUB MONT-PELERIN,  
SUISSE et MAJESTIC,  
HYATT CONTINENTAL and the EUROTEL  
in MONTREUX

These hotels make the business traveller or conference delegate especially welcome by paying attention to detail such as providing the FINANCIAL TIMES

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER  
LONDON · FRANKFURT · NEW YORK

**Have your F.T. hand delivered . .**

every working day, if you work in the business centre of  
**ATHENS**

**FINANCIAL TIMES**  
— Europe's Business Newspaper —  
London Frankfurt New York



## AMEX COMPOSITE CLOSING PRICES

[illegible]

**Nasdaq national market closing prices**

Stock	Sales (thd)	High	Low	Last	Chng	Stock	Sales (thd)	High	Low	Last	Chng	Stock	Sales (thd)	High	Low	Last	Chng	Stock	Sales (thd)	High	Low	Last	Chng
ADD	18 247	28	27 1/2	27 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGC	18 247	28	27 1/2	27 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGT	17 1535	19	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGM	14 124	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	121	17 1/2	17 1/2	17 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	45 100	20 1/2	20 1/2	20 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	38 872	20 1/2	20 1/2	20 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1/4	18 1/4		FCB	21 30	12 1/2	12 1/2	12 1/2		Keynote	10a	18 153	20	20 1/2	
AGN	10 30	18 1/2	18 1/2	18 1/2		Chorale	28 1288	18	18 1														

**Continued on Page 3**

London • Frankfurt • New York

# FINANCIAL TIMES

## WORLD STOCK MARKETS

### AMERICA

## Blue chips fall amid currency, bonds worries

### WALL STREET

STABILITY eluded Wall Street yesterday as a late decline extended Tuesday's setback in blue chips to more than 3 per cent for the two days, writes Gordon Crumb in New York.

The Dow Jones industrial average, moving narrowly either side of overnight levels until mid-afternoon, gave way to worries in the bond and currency markets, finishing 36.39 lower at 2,330.19. Volume increased sharply to 195.7m shares from 136.2m, and the NYSE composite index lost 1.47 to 176.51. Of its constituents, only 509 advanced and 1,018 fell back.

Analysts appear agreed that the course of interest rates in the US, themselves subject to the direction of the dollar, is being taken as the clearest determinant of whether stocks can sustain an upward movement and set aside an uncomfortable few weeks.

According to economists at Griggs and Santow, most analysts expect long-dated federal bond yields to emerge by the year-end more likely at 10 per cent than 9 per cent but draw some comfort from the belief that this range should not be exceeded by any great margin.

In the stock market, Newmont Mining remained actively dealt but at 59¢ fell 52 of a 53¢ gain the previous session as the market evaluated the chances of Mr Boone Pickens's Ivaone in pressing through its \$105 share revised bid. The 60 per cent owned Newmont Gold at 54¢ lost 51¢.

Utilities, not much moved overall in price terms, were featured by Detroit Edison. In far away Tokyo, the business volume, it edged 5¢ lower to 51.5¢ before going ex-dividend today.

W. R. Grace put on 5¢ to 58¢ on news that it was to take into commercial development an emissions control system for coal-fired power stations and that it was to buy a tool division of NI Industries, itself steady at 59¢. Fluor, the contracting and coal group which overnight reported a further loss, shed 5¢ to 51.7¢.

On the technology boards IBM was accorded an initial 51¢ rally on further reflection of the arbitration finding in its copyright tussle with Fujitsu but was later dragged 5¢ lower to 51.6¢. Digital Equipment lost 5¢ to 51.6¢.

Singer rose 53¢ to 555¢, unrestrained by an overnight disavowal from Hercules that it might be preparing a bid for the aerospace and marine electronics group. Hercules came down 51¢ to 561¢, continuing a poor response to terms of its deal with Montedison of Italy, which is buying its share of Hymont - the polypropylene maker - 5¢ to 54¢.

The retailers were another focus. The Limited was down a further 5¢ to 53.8¢ in active dealings after a 51¢ fall on Tuesday continued a poor patch. Carter Hawley Hale,

which expects a wider quarterly loss, shed 5¢ to 51.3¢, and Gap, a clothing chain, slid 52¢ to 55.9¢.

Crazy Eddie, the troubled electronics chain, firmed 5¢ to 54¢. Mr Eddie Antar, its founder, halved his stake to 4.7 per cent while the company separately announced a Motorola contract to install and service its cellphones.

Mattel, the toys supplier, was actively dealt and gained 5¢ to 51.5¢, on speculation of a bid from New World Entertainment, which shed 5¢ to 58.

Aaron Spelling Productions firmed 5¢ to 58¢ despite warning of lower earnings. Cannon Group, the entertainment film production house, revived 5¢ to 54¢.

The Detroit automotive sector continued to monitor the labour talks which yesterday showed signs of reaching a conclusion at Ford, the benchmark deal from which others will be drawn this year. However, there was also the prospect of an increased Honda presence in the US car industry if it goes ahead with a second plant.

Ford let go 5¢ to 51.04¢ and Chrysler, contending with a Canadian strike, lost 51¢ to 54.2¢. General Motors, up an early 51¢, ended 5¢ weaker at 58.7¢. It took advantage of tax benefits to push 51.04¢ of preferred stock into its pension plan.

Among oil and gas issues Amoco dropped 5¢ to 57.7¢. It may improve its stalled bid for Dome Petroleum of Canada. Exxon was 5¢ lower at 54¢ while Chevron lost 51¢ to 53.2¢.

Credit markets were resilient at the short end as the Federal Reserve offered \$1.5bn of customer repurchase arrangements and announced four and seven-day system repurchases starting today. This left federal funds at 7½ per cent after opening higher at 7¼, and three-month Treasury bill yields came four basis points lower to 6.51 per cent.

However, the 2017 long bond, which bears a 5½ coupon, shed ¼ to a price of 92 where it was yielding 8.89 per cent.

### CANADA

INDUSTRIALS and mining issues continued to sag in Toronto, depressing prices overall despite strength in oil and gas issues.

Of the latter, Texaco Canada climbed 35¢ to 53.35¢, Imperial Oil class A 35¢ to 53.75¢ and Gulf Canada class A 35¢ to 53.65¢.

In mixed goods Echo Bay Mines rose 51¢ to 53.8¢, but the recently merged Placer Dome dipped 5¢ to 52.6¢.

Falconbridge and Inco led mines lower, falling 5¢ each to 52.8¢ and 52.7¢ in turn. Algonquin was 5¢ lower at 51.7¢.

Banks were mildly firmer, with Bank of Montreal up 5¢ to 53.2¢ and Canadian Imperial Bank higher by 5¢ to 53.2¢.

Montreal and Vancouver were both higher.

## Australian shares soar on budget news

THE AUSTRALIAN stock market yesterday surged to fresh record highs in a bullish reaction to Tuesday's federal budget projecting a near-zero deficit and foreshadowing interest rate falls.

A prompt decision by the major trading banks to lower their key lending rates, together with encouraging balance of payments figures for August, added to the day's momentum, and trading was heavy.

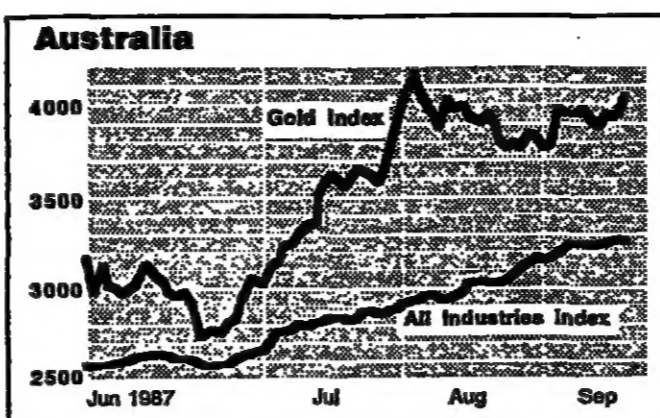
Rises were across the board, but the biggest trading was concentrated on blue-chip stocks. The widely-watched All-Ordinaries index, covering 300 companies in all sectors, jumped 43.3 points to finish at 2,274.4.

Other indices performed similarly: the All-Industrials rose 72.1 to 3,350.0, the All-Resources put on 21.5 to 1,442, and the Gold index surged through the 4,000 barrier to finish 62.7 higher at 4,018.8.

The market finished off its best level at noon the All-Ordinaries index stood 48 points higher at 2,278.0.

Overall, an estimated 218m shares worth some A\$506m (US\$413m) changed hands, and rises outnumbered falls by two to one.

Retailers, builders, property groups and transport companies were deemed most likely to benefit from interest rate falls and showed the strongest rises.



They included retailers David Jones, up 80 cents at A\$14.10, and Coles Myer, 22 cents higher at A\$9.36, and property stocks Lead Lease and Hooker, jumping A\$1.20 to A\$18.80 and 30 cents to A\$5.30, respectively.

Building materials company Boral put on 36 cents to A\$8.88, and transport group TNT added 34 cents to A\$6.50.

On the Sydney Futures Exchange, September share price index futures finished at 2,280, up from 2,286.5. December futures closed at 2,380, up from 2,370. Volumes were at record levels, with 55,440 contracts traded by 5pm local time. The previous record was just over 39,000.

Chris Sherwell

### EUROPE

## Hovering dollar subdues Frankfurt and Brussels

WARNISS over the dollar's direction and Wall Street's steep overnight drop subduced the bigger European exchanges. Madrid, however, regained its record-breaking pace.

Frankfurt closed down but off the day's lows as a late rally pared earlier losses caused both by pessimism over transatlantic signals and a further fall in domestic bond prices. The mid-session Commerzbank index was 25.6 off at 1,983.3.

Export-oriented issues were still blighted by the hovering dollar, which fell further to DML5123 at the 5x. Chemicals suffered, with BASF DML50 lower at DML336.80 and Hoechst DML50 down at DML326. Bayer dipped DML110 to DML380.50.

BMW fared worst among weak cars with a DML9 tumble to DML747. Daimler lost DML9.50 to DML688 and VW fell DML3 to DML397. Electronics share Siemens gave up a further DML4 to DML81, but in the same sector ASG rebounded from an early drop to stay at DML337.

A late rally lifted retailer Karstadt DML2.50 to DML582 in a mixed sector, with Hoescht 50 pps down at DML234.50 and Kauffhof DML3 lower at DML507.

Banks also softened, Deutsche by 80 pps to DML697, Dresdner by DML2.50 to DML385 and Commerzbank DML1 to DML304.50.

Engineering group MAN was pulled down 80 pps by the lower market to DML190.20 after reporting a 5 per cent rise in net profits. Public authority bonds fell by almost a point, with the Bundesbank buying DML8.5m of paper against DML106.1m bought on Tuesday.

Brussels took a knock from Wall Street's fall and despite a mild pre-closing rally the cash index ended down 56 at 5,198.59.

Petrofina shadowed the rally, recovering from an early BFR450 fall to close BFR300 off at BFR13,150.

### LONDON

STRONG industrial production figures and a lower than expected public sector borrowing requirement for August offset the dampening effect of Wall Street's sharp overnight fall to leave London equities higher.

The FT-SE 100 index closed up 15.3 at 2,279.5 while the narrower FT Ordinary index was up 14.8 at 1,780.2.

GBs rallied from a weak start to close little changed over the session. Details, Page 36.

Holdings, however, continued weak, and Reserve shed another BFR50 to BFR3,740 and Sofina BFR150 to BFR15,100.

Eles dropped BFR90 to BFR4,750 and Electrafin BFR170 to BFR7,500 in utilities. Selected industrials, though, managed modest gains, with Sovby up BFR150 to BFR14,500 and fellow chemicals UCB and Tessenderlo each rising BFR50 in its wake to BFR10,700 and BFR6,000 in turn.

Cement issue CBR closed off BFR20 to BFR180 despite announcing better than expected first-half results.

Zurich was mixed in fair trade, with the dollar's weakness provoking only mild profit-taking.

Banks were lower on balance, with Union Bank SFR50 down at SFR4,925 but Credit Suisse steady at SFR4,900. Insurers followed suit, with Swiss Re and Winterthur each losing SFR50 to SFR17,800 and SFR7,700. Zurich gave up SFR150 to SFR7,200. Chemicals were barely changed.

Paris eased following the budget although dealers said most measures had been discounted. However, the market was somewhat deflated by Economics Minister Mr Edouard Balladur's remarks that

prospects of an interest rate cut were remote.

Banks suffered. UCB gave up BFR10 to BFR289.50 and UIC BFR28 to BFR174. UFB was off by BFR13 at BFR901 - a low for the year.

Promont resumed trading after Monday's suspension to notch the day's biggest climb, BFR42 to BFR60. The group has been subject to intense takeover speculation since Chargeurs boosted its stake in the textiles company.

Milan rose broadly after a string of weak sessions. Analysts said Tuesday's fall was uncharacteristic for the opening of a new trading account and that Wednesday's rise indicated a spate of domestic bargain-hunting.

Among the bigger industrials Fiat climbed L235 to L10,355 while its holding company IFI leapt L1,700 to L20,000 amid intense interest from local funds.

Austrian shares slipped slightly in dull trade amid caution over the direction of US stocks in early trade in New York. The CBS all-share index was 1 off at 102.9.

Akzo closed 90 cents up at FI 177.50. It said it had begun talks which could lead to the sale of its consumer products division.

Madrid jumped to a new peak amid market optimism over forthcoming inflation figures. The general index closed up 3.5 at 319.61.

Banks led the advance, with Banco de Bilbao 44 percentage points higher at 1,904 per cent of nominal market value.

Stockholm closed lower after a session. The Veckans Allshare index dipped 1.5 to 1,170.1. Danish shares fell slightly on profit-taking and in the absence of fresh stimulatory factors. The all-share index was off 0.18 at 420.93.

Helsinki pitched its fourth successive all-time high. The Unitas general index was up 4.7 at a record 641.8.

### ASIA

## Late high-techs rally nudges Nikkei higher

### TOKYO

AFTER opening weakly in the shadow of Wall Street's tumble, Tokyo share prices later edged higher as investors sought high-technology stocks, writes Shigeo Nishikawa of Jiji Press.

The Nikkei average added 13.71 to 24,867.73 on turnover of 821.64m shares, up from Monday's 750.34m. The exchange was closed on Tuesday for a holiday. Losers outpaced gainers 541 to 356, with 148 issues unchanged.

Despite the bearish mood, Fujitsu drew morning buying apparently on the strength of the resolution of its software copyright dispute with IBM. The stock advanced 330 to Y1,440, surpassing its previous high for the year of Y1,430 registered last month. Its turnover was fifth most active at 33.33m shares, but second in yen terms.

Other major high-technology stocks were weak until a spate of buying shortly before the close when the yen sagged to around 144 to the dollar. Mitsubishi Electric jumped Y18 to Y888 on the second heaviest trading of 72.27m shares and Toshiba Y48 to Y744 on the third largest turnover of 66.54m shares.

The Tokyo Stock Exchange temporarily suspended trading in these issues because of a massive placement of orders. One dealer said that investors were bargain hunting after the stocks had fallen on rumours of the companies' possible violation of Co-ordinating Committee (CoCom) rules.

Hitachi also rose Y30 to Y1,350, but NEC fell Y10 to Y2,130. Matsushita Electric Industrial closed unchanged at Y2,570.

Among large-capital issues, investors selected Nippon Steel and Mitsubishi Heavy Industries, which picked up Y7 to Y377 and Y17 to Y85, respectively. Nippon Steel was by far the most heavily traded issue, with transactions reaching 146.63m shares.

Mitsubishi Heavy Industries was fourth-most active with 48.89m. Sumitomo Metal Industries added Y2 to Y268, but Kawasaki Steel lost Y2 to Y317.

The current boom on the stock market comes mainly from institutions and corporate investors rather than from the multitude of small investors who sent the market to dizzy heights in 1985.

The New Zealand dollar set a record against the US dollar yesterday, reaching 63.6 US cents before falling back to 63.5.

On Tuesday the Kiwi dollar broke through 63 US cents. When it was floated by the Labour Government in March 1985 it was worth 44 US cents.

Yesterday's bullish activity on the stock market and in the foreign exchange area was despite a gloomy forecast by the Institute of Economic Research which now projects its own earlier predictions that New Zealand inflation will drop to single figures by next March. Finance Minister Mr Roger Douglas has consistently quoted this prediction.

The Institute's report is not due for release until next week, but it has confirmed that it now believes inflation will still be above 10 per cent in March.

The report is also believed to claim that the Government has overestimated the amount of revenue it will receive by about NZ\$1bn (US\$633m). This means the Government's forecast of a budget surplus of \$379m would be turned into a large deficit.

Chemical fell Y60 to Y3,200 and Dai-ichi Seiyaku finished Y60 lower to Y3,410.

Bond prices, which shot up on Monday on professional speculation, continued declining throughout the day. A rise in US long-term interest rates raised investor fears of a further rise in the US official discount. Dealers were inactive, and inter-dealer trading was low at Y250bn, little over 10 per cent of usual levels.

Prices turned down slightly on the Osaka Securities Exchange, with the OSE stock average dipping 21.80 from Monday to 25,865.80 on trading estimated at 142.28m shares, up 31.02m.

Nintendo nose-dived Y300 to Y11,000 and Ono Pharmaceutical tumbled to close Y110 cheaper at Y7,450 while Tateho Chemical suffered a daily limit loss of Y108 to Y748. However, investors hunted high-tech stocks, pushing Rohm up Y230 to Y3,240.

### HONG KONG

HEAVY switching of stocks and rumours of a further rights issue pushed turnover in Hong Kong to a record and dragged the Hang Seng index sharply lower to 3,894.94, a fall of 42.26.

Volume soared to HK\$3.34m from HK\$1.61m on Tuesday, breaking the previous record of HK\$3.31m in February 1985. The Hong Kong index fell 23.92 to 3,772.20.

Institutions were selling stock in order to avoid exceeding portfolio limits in the wake of the mammoth Chemung Kong rights issues. The group's shares, which returned to trading after a two-day suspension, saw Chemung Kong lose 30 cents to HK\$12.60.

Rumours that other property groups would embark on fund-raising exercises unsettled the market. Wharf Holdings lost 10 cents to HK\$19.50, Sun Hung Kai 10 cents to HK\$18.50, Hongkong Land 5 cents to HK\$38.50 and Sino Land 10 cents to HK\$35.

### SINGAPORE

THE DULL trend persisted in Singapore, with the Straits Times industrial index shedding 17.15 to 1,434.20 in very thin trading of 14.7m shares.

Trading is expected to remain fairly quiet until investors get used to the new settlements system.

The most active stock was Tan Chong Motors, down 4 cents at 81 cents on 980,000 shares.

Profit-taking again bit blue chips, with DBS falling 50 cents to S\$18.30, Fraser and Neave down 20 cents to S\$13.80 and Singapore Airlines off 30 cents at S\$14.50.

## KLSE seeks to tighten rules on reporting deals

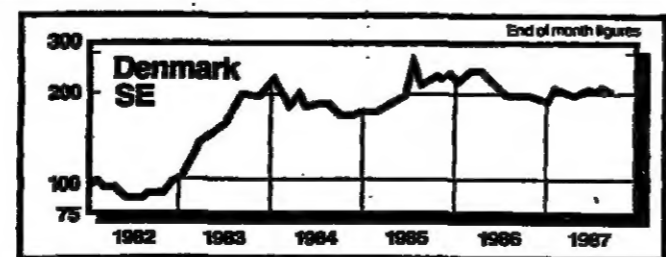
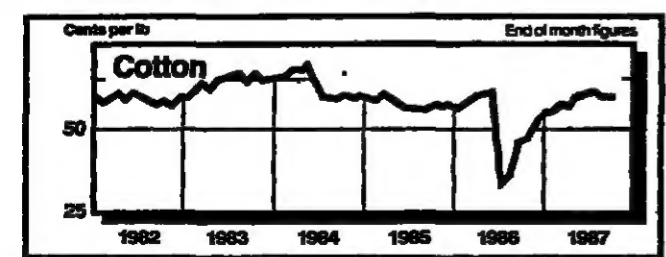
THE KUALA LUMPUR Stock Exchange (KLSE) said yesterday it wanted all direct deals which do not go through the trading floor to be reported so that the exchange knows the true size of the securities business in Malaysia, Reuters reports from Kuala Lumpur.

The KLSE said in a circular to members that it would table this resolution at an extraordinary general meeting of members on September 28. Such deals do not have to be reported at present, meaning that exchange turnover figures may not reflect actual business.

Arbitrage deals, popular with local brokers, would have to be reported under this proposal.

It is also seeking approval for a resolution to introduce graduated commissions from October 1, in line with Singapore's new rates. These would stipulate a 1 per cent commission for deals of under 250,000 ringgit (\$100,000), decreasing at the rate of 0.1 percentage points for every 250,000 ringgit rise.

### KEY MARKET MONITORS



### STOCK MARKET INDICES

NEW YORK	Sept 16	Prev	Year ago
DJ Industrials	2,330.19	2,366.58	1,778.54
DJ Transport	1,024.78	1,033.48	739.25
DJ Utilities	195.71	197.25	199.93
S&P Comp.	519.21	517.50	521.72

### LONDON FT

Ord	1,790.2	1,775.4	1,282.2
SE 100	2,279.5	2,294.5	1,596.70
A All-share	1,185.19	1,181.17	783.74
A 500	1,278.77	1,288.50	671.85
Gold mines	44.2	44.5	316.5
A Long gilt	100.2	9.9	9.9
World Act. Ind	134.67	136.26	94.46

### TOKYO

Nikkei	24,867.73	closed	17,463.2
Tokyo SE	2,051.71	closed	1,444.08

### AUSTRALIA

All Ord.	2,274.5	2,230.5	1,224.4
Metals & Mins.	1,430.8	1,410.4	625.4

### AUSTRIA

Credit Alcan	218.33	217.45	237.53
--------------	--------	--------	--------

### BELGIUM SE

SE	5,142.40	5,139.50	3,908.08
----	----------	----------	----------

### CANADA

Toronto	3,216.5	3,235.5	2,161.56
Metals & Mins.	3,906.4	3,921.7	2,986.9
Composite	1,936.27	1,939.50	1,510.14

### DENMARK SE

SE	n/a	204.08	185.41
----	-----	--------	--------

### FRANCE

CAC Gen	426.00	428.70	386.8
Ind. Tendence	110.30	111.10	69.58

### WEST GERMANY

FAZ-Aktien	544.43	551.77	675.82
Commerzbank	1,883.30	2,008.00	2,036.0

### HONG KONG

Hong Kong	3,894.94	3,946.92	1,287.97
-----------	----------	----------	----------

### ITALY

Banca Com.	601.58	588.33	708.20
------------	--------	--------	--------

### NETHERLANDS

ANP CBS	n/a	n/a	288.1
Gen	n/a	n/a	292.5

### NORWAY

Oylo SE	593.45	595.40	376.57
---------	--------	--------	--------

### SINGAPORE

Straits Times	1,434.20	1,461.30	820.69
---------------	----------	----------	--------

### SOUTH AFRICA

SE	2,280.0	1,942.0	1,596.0
Industrials	2,204.0	1,596.0	1,596.0

### SPAIN

Madrid SE	519.61	516
-----------	--------	-----